



PENNINGTONS
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COOPER

UK GENDER PAY GAP REPORT



2021

Creating the annual UK Gender Pay Gap Report is a vital piece of work. Only by holding ourselves accountable can we really understand our progress towards building a truly fair and inclusive workplace. This report, which also assesses the ethnicity pay gap, details the strongest inclusion metrics we report on, and we know it is an essential factor in driving positive change across the entire sector. Only by bringing people with different experiences and backgrounds together can we create a dynamic workplace built for success.

2021 is our fifth year of reporting our gender and bonus pay gaps, and our second year of reporting our ethnicity pay gap. Whilst not compulsory, we are committed to making sure we record progress and continually improve.

WHAT IS THE GENDER PAY GAP?

The gender pay gap refers to the difference in the average hourly wage between men and women across a workforce. It should be noted that it is not an assessment of pay differences between men and women who hold the same roles. As a firm, we are committed to equality in pay and have strategies in place to ensure that individuals in comparable positions are paid fairly. Instead, it gives a company-wide picture.

Two key metrics are used to illustrate the gender pay gap:

- the mean gender pay gap, calculated as the percentage difference between the average male and female annual salaries; and
- the median gender pay gap, which is the percentage difference between the median annual salary of male and female employees.

We understand why we have a gender pay gap. It is mainly due to a lower female representation in leadership roles and having less men in entry level positions. A more balanced distribution of men and women at all levels across the firm is needed to narrow and ultimately remove the gap. We have identified, and continue to identify, strategic initiatives that address the pay gap; by measuring and reporting on our progress against these actions, we are focusing on creating a thriving, diverse workforce.

HOW ARE WE REDUCING THE GAP?

We know that there is still work to be done to address the imbalances in our workforce composition. Whilst we are happy to report a positive improvement for 2021, we recognise that the pace of change is slow and that we must do more to quicken progress.

In our 2020 report, we didn't include those who took furlough leave due to Covid-19. Government guidance

is to exclude employees who are paid less than their usual basic pay from the mean and median hourly pay gap calculations, which includes those on furlough leave under the Coronavirus Job Retention Scheme. For this year, those individuals are included in our reporting figures, which has positively impacted our gap due to the group being predominantly female.

Since our 2020 report, we have introduced policies to provide support for our colleagues – these include; menopause, family leave, and transitioning at work policies. We have launched initiatives to support the change we want to see, such as our new mentoring scheme which aims to support women across the firm to progress and reach their full development potential, and the launch of a gender pay gap steering committee, who have been instrumental in driving change over the past year.

As a result of our combined efforts, we can see evidence of positive notable movement in the upper levels of our workforce. Our gender pay gap has improved specifically for senior roles, moving from 30.1% to 26.4%. There has also been a shift in the structure of our management board with more male and female representation in 2021. Since 2018, 80% of all promotions have been women and in 2021 alone, 80% of partner promotions were women.

Last year, we set out key targets aimed at reducing both our pay and ethnicity gaps. This included, among others, a target to increase diversity in our recruitment strategy. Our first step was to launch a recruitment initiative called EMpower, which was designed to support Black and ethnic minorities at the application stage. While we can already report an improvement in the ethnicity pay gap, our work to address this area continues.

As we chart our progress each year, we are focusing our efforts on improvements in five strategic areas, which are set out in this report. By regularly assessing the impact of our work in these areas, we can drive the delivery of our commitment to inclusivity and fairness at every level of the organisation.



DAVID RAINE
CHIEF EXECUTIVE
+44 (0)20 7457 3000
david.raine
@penningtonslaw.com



ANDREA LAW
HR DIRECTOR
+44 (0)1483 791800
andrea.law
@penningtonslaw.com

OUR FIGURES AT A GLANCE

DATA SECTION

2021	CHANGE	2020
MEAN HOURLY PAY: 15.8%	▼ 2.9%	MEAN HOURLY PAY: 18.7%
MEDIAN HOURLY PAY: 12.0%	▼ 4.9%	MEDIAN HOURLY PAY: 16.9%
<small>MEDIAN AND MEAN GENDER PAY GAP BASED ON HOURLY RATES OF PAY AT THE SNAPSHOT DATE OF 5 APRIL 2021.</small>		<small>MEDIAN AND MEAN GENDER PAY GAP BASED ON HOURLY RATES OF PAY AT THE SNAPSHOT DATE OF 5 APRIL 2020.</small>

Both our mean and median pay gaps have decreased since last year. This is due to several factors. Colleagues who took furlough leave were not included in the 2020 metrics as per the government guidance on reporting. Of those individuals, 70% were women, who have since returned and are now included within this report, increasing the number of women in our total headcount by 24% which has positively

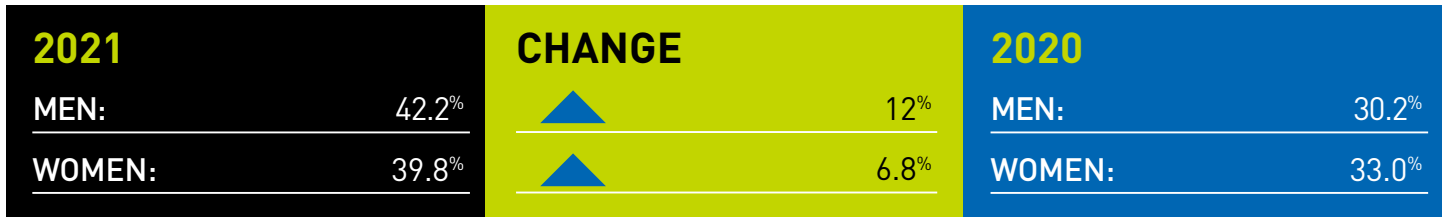
influenced our gender pay gap. There has been a positive shift at senior levels in favour of women, which is largely due to the introduction of a new female management board member. We are pleased with the progress made but we recognise that it will take some time to impose real change in this area and to decrease our overall gap further.

BONUS GAP

2021	CHANGE	2020
MEAN BONUS: 13.8%	▼ 23.9%	MEAN BONUS: 37.7%
MEDIAN BONUS: 16.3%	▲ 16.3%	MEDIAN BONUS: 0%
<small>MEDIAN AND MEAN DIFFERENCE BETWEEN THE BONUSES PAID TO MEN AND WOMEN IN THE 12 MONTHS LEADING TO 5 APRIL 2021.</small>		<small>MEDIAN AND MEAN DIFFERENCE BETWEEN THE BONUSES PAID TO MEN AND WOMEN IN THE 12 MONTHS LEADING TO 5 APRIL 2020.</small>

Our mean bonus pay gap has reduced significantly since 2020. This is largely due to existing bonus arrangements linked to performance measures for women at senior levels. The gap still exists due to more senior roles being held by men who received higher value payments – when senior roles are removed completely, the mean bonus gap moves to 10% in favour of women. Our median bonus gap has increased due to a higher proportion of women and men receiving a bonus – out of this increase, more men received a bonus. 32% of women who received a bonus were working part time, which typically results in a lower pro-rated financial payment.

PROPORTION OF EMPLOYEES RECEIVING A BONUS



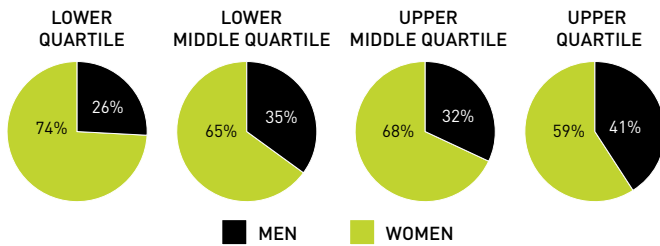
THE FIRM'S BONUS SCHEME IS OPEN TO ALL EMPLOYEES.

For 2021, there was an increase in the number of employees receiving a bonus across the firm. The proportion of men who received a bonus is slightly higher than the proportion of women due to individual performance measures specific to their roles.

PAY QUARTILES

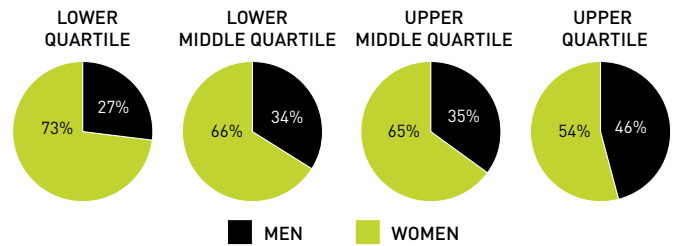
2021

PAY QUARTILES



2020

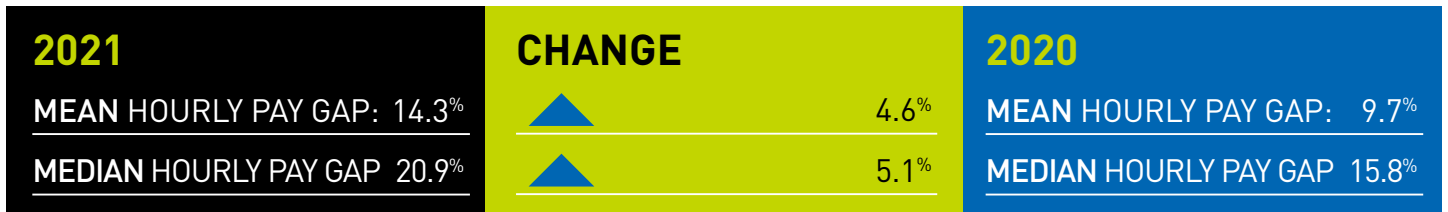
PAY QUARTILES



GENDER DISTRIBUTION ACROSS THE FIRM IN FOUR EQUALLY SIZED GROUPS.

The overall composition of the firm is 66% female and 34% male, which is broadly represented across all quartiles except the upper quartile – although the percentage of women has improved since last year. To address the imbalance in the lower quartiles, we are continuing to focus on encouraging more men to apply for junior roles. Along with the upper quartile, the upper medium quartile has decreased in the percentage of men and increased in the percentage of women. This is largely due to an increase in promotions for women into senior roles.



PARTNER PAY DATA



THESE FIGURES ARE BASED ON PROFIT SHARE ALLOCATION FOR THE YEAR ENDING 31 MARCH 2021 AND 31 MARCH 2020 RESPECTIVELY AND, WHILE NOT DIRECTLY COMPARABLE WITH OUR EMPLOYEE DATA, PROVIDE AN INDICATIVE PICTURE.

We have seen an increase in our mean gender pay gap at partner level and in our median hourly pay gap. This is due to several partner movements including those exiting the firm, and those moving from non-voting, who generally receive lower value profit shares, to voting partners.



FIRMWIDE GENDER PAY GAP

2021	CHANGE	2020
MEAN HOURLY PAY GAP: 42.0%	 0.5%	MEAN HOURLY PAY GAP: 41.5%
MEDIAN HOURLY PAY GAP: 25.0%	 4.4%	MEDIAN HOURLY PAY GAP: 29.4%

THESE FIGURES COMBINE PARTNER PROFIT SHARE ALLOCATION WITH EMPLOYEE PAY DATA AND AS SUCH HAVE BEEN COMPILED BASED ON TWO DIFFERENT PAY STRUCTURES.

The mean pay gap across all roles at the firm has increased slightly since last year while the median pay gap has decreased. As mentioned above, these figures are impacted by several contributory factors at employee and partner level.

ETHNICITY PAY GAP

2021	CHANGE	2020
MEAN HOURLY PAY GAP: 14.0%	 9.5%	MEAN HOURLY PAY GAP: 23.5%
MEDIAN HOURLY PAY GAP: 18.1%	 15.2%	MEDIAN HOURLY PAY GAP: 33.3%

This is our second year of recording and publishing our ethnicity pay gap data. Our aim to increase the number of colleagues who report their ethnicity as Black or ethnic minority. Our ethnicity mean and median pay gap have decreased as a direct result of new hires and more people disclosing their ethnicity data.

LOOKING FORWARD

We have created a targeted plan for the future that emphasises the need to achieve results in five principal areas. Meaningful change will take time, which is why we are committed to implementing and assessing quantifiable actions that we believe will make the greatest difference over the longer term.

<p>LEADERSHIP:</p> <p>Clear targets to increase female representation at management team and partner level.</p> 	<p>RECRUITMENT:</p> <p>Implement an interview framework to prevent any bias. Improve data tracking of equal opportunities with external agencies.</p> 	<p>TALENT MANAGEMENT:</p> <p>Launch a women in leadership course and review the potential partner programme.</p> 	<p>INCLUSIVE CULTURE:</p> <p>Pursue a streamlined diversity strategy to drive change.</p> 	<p>EMPLOYEE ENGAGEMENT:</p> <p>Increase transparency around remuneration processes.</p> 
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WE CONFIRM THAT THE DATA IN THIS REPORT IS ACCURATE AND HAS BEEN CALCULATED ACCORDING TO MANDATORY REQUIREMENTS.



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