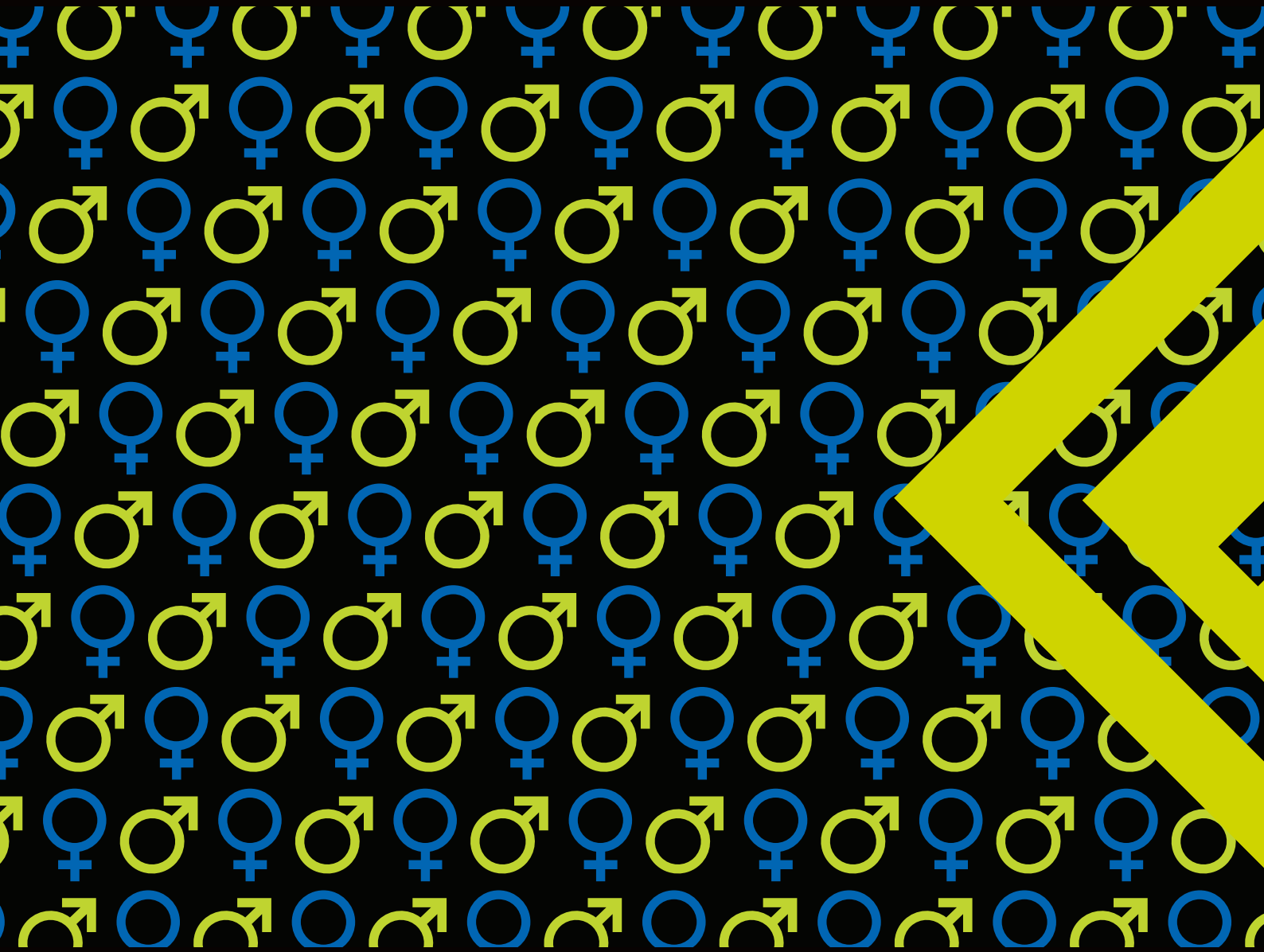




PENNINGTONS
MANCHES

GENDER PAY GAP REPORT



2017 / 2018

AT PENNINGTONS MANCHES, WE ARE COMMITTED TO EQUAL PAY FOR MEN AND WOMEN. A DIVERSE WORKFORCE IS ESSENTIAL TO OUR SUCCESS AS A FIRM, CREATING AN INCLUSIVE, INSPIRING CULTURE WHERE EVERYONE CAN PROSPER. OUR POLICIES AND PROCEDURES REFLECT OUR DRIVE TO PROMOTE EQUALITY BOTH WITHIN OUR FIRM AND IN THE SURROUNDING INDUSTRY.

This is the second report we have produced under the government's requirement for all companies with 250 employees or more to publish gender pay gap information, and we can already see an improvement. The difference between men and women's mean hourly rate has decreased by 2.6% compared to the previous snapshot. There has been a marked improvement in the bonus pay gap; though it remains in favour of men, the median bonus pay gap has reduced from 33% to 21% and significantly more women receive a bonus payment.

Although 68% of our workforce are women, more senior roles are held by men, which has contributed to an increase in the median gender pay gap of 5.6%. With limited central director roles within the firm and more male partners retiring into employed consultant roles, it is difficult to improve the pay gap in the short term. However, we continue to put in place long term strategies to address these constraints; promoting diversity and inclusion across the firm so men and women have the same opportunities.

OUR WORK TO REDUCE THE PAY GAP

When the government's reporting legislation came in, we already had many initiatives in place to attract a diverse workforce and promote fairness in our reward and recognition processes. Since then, we have introduced more. In 2018, following an employee led review, we have restructured our fee-earner bonus scheme resulting in greater transparency of non-financial measures. Also in 2018, we appointed a diversity and corporate social responsibility manager to drive forward our agenda in these areas. Furthermore, we have also introduced a new recruitment portal to remove bias and introduced agile working to support our desire to be a family friendly workplace.

We have four key areas of focus this year: hold employee-focused workshops to understand what people value; provide greater end to end support for those on maternity or paternity leave; improvements to our recruitment process to attract a diverse range of applicants; and the development of a more transparent employer brand, free of gender bias.

However, we are aware that these initiatives cannot create a major shift in our employment data unless the make-up of the firm changes significantly. It is an industry-wide challenge to recruit more women into senior management and more men into the junior levels. Coupled with this is the need to strike the right balance between ensuring gender fairness and rewarding excellent work, which is the case with all change programmes. We are pleased to have made improvements so far and look forward to seeing how our new programmes impact all levels of the firm.





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OUR FIGURES AT A GLANCE

PAY DATA



2018	CHANGE	2017
MEDIAN HOURLY PAY 5.6%	 1.6%	MEDIAN HOURLY PAY 4.0%
MEAN HOURLY PAY 10.6%	 2.6%	MEAN HOURLY PAY 13.2%
MEDIAN AND MEAN GENDER PAY GAP BASED ON HOURLY RATES OF PAY AT THE SNAPSHOT DATE OF 5 APRIL 2018.		MEDIAN AND MEAN GENDER PAY GAP BASED ON HOURLY RATES OF PAY AT THE SNAPSHOT DATE OF 5 APRIL 2017.

There is a slight improvement in the mean hourly rate compared to 2017. The main reason for the change is an increase of 15% in headcount between each snapshot date (10% increase in women and 5% in men).

However, the increase in headcount has resulted in a slightly larger median pay gap of 5.6% in favour of men compared to 2017. This is largely caused by

more men being recruited into senior roles which has driven up the average pay levels for men. In contrast, women were predominantly recruited to the position of either paralegal or senior associate. An increase of 20% in women in both the upper to max pay quartile and the minimum to lower quartile has created a wider array of hourly rates of pay for which the median to be derived.

BONUS DATA

2018	CHANGE	2017
MEDIAN BONUS 21.7%	 11.6%	MEDIAN BONUS 33.3%
MEAN BONUS 57.8%	 5.5%	MEAN BONUS 63.4%
MEDIAN AND MEAN DIFFERENCE BETWEEN THE BONUSES PAID TO MEN AND WOMEN IN THE 12 MONTHS LEADING TO 5 APRIL 2018. WHEN SENIOR ROLES ARE REMOVED THE MEDIAN BONUS PAY GAP IS ACTUALLY 1% IN FAVOUR OR WOMEN.		MEDIAN AND MEAN DIFFERENCE BETWEEN THE BONUSES PAID TO MEN AND WOMEN IN THE 12 MONTHS LEADING TO 5 APRIL 2017. THE MEAN DIFFERENCE REDUCES TO 13% WHEN SENIOR ROLES ARE EXCLUDED.

There is a marked improvement in the bonus pay gap compared to 2016/17. This is largely attributable to a financial performance related firm-wide bonus, awarded in September 2017.

Overall, the bonus pay gap is still in favour of men. The makeup of the firm, coupled with the bonus schemes we offer affects our bonus pay gap. The bonus pay gap is based on amounts paid in respect of any discretionary bonus, firm-wide bonus, commission and profit allocation. It does not allow for part time working which is in contrast to salaries.

As most of our bonus structures are a proportion of salary and we have a higher concentration of women in both the lower to mid pay quartiles and part time roles, overall financial payments are lower. We acknowledge that our structure contributes to the bonus gap and that we will need to put long term strategies in place to improve this situation.

When associate directors, directors and consultant roles are removed from the data, the bonus pay gap is -1.1% in favour of women

PROPORTION OF EMPLOYEES RECEIVING A BONUS

2018		CHANGE	2017	
MEN	67%	▲	MEN	21.2%
WOMEN	73%	▲	WOMEN	13.6%

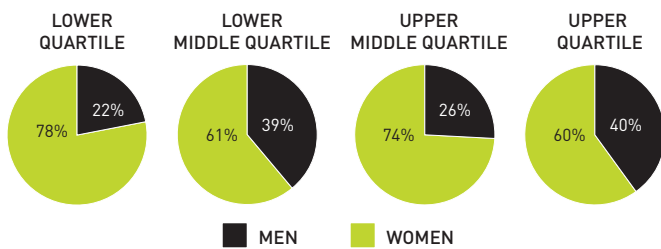
THE FIRM'S BONUS SCHEME IS OPEN TO ALL EMPLOYEES.

There has been an improvement in the proportion of both men and women receiving a bonus, in particular the number of women receiving a bonus has increased from 208 compared to 34 the previous year. This is largely attributable to a financial performance related firm-wide bonus, awarded in September 2017.

PAY QUARTILES

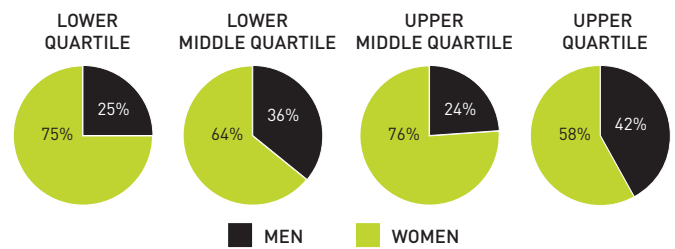
2018

PAY QUARTILES



2017

PAY QUARTILES



GENDER DISTRIBUTION ACROSS THE FIRM IN FOUR EQUALLY SIZED GROUPS

The majority of the partnership are men but we are starting to see more women coming through. In April 2019, 70% of newly promoted partners are women.

PARTNER PAY DATA

2018		CHANGE	2017	
MEDIAN HOURLY PAY GAP	12.1%	▼	MEDIAN GENDER PAY GAP	20.5%
MEAN HOURLY PAY GAP	11.5%	▼	MEAN GENDER PAY GAP	13.2%

BASED ON PROFIT SHARE ALLOCATION FOR THE YEAR ENDED 31 MARCH 2018 AND 31 MARCH 2017 RESPECTIVELY.

For the purposes of this analysis, partners' hourly pay has been calculated based on profit share for the year ended 31 March 2018 and 31 March 2017 respectively. It is therefore not a like for like comparison to staff but provides an indicative picture of the gender pay gap across the whole firm.

ETHNICITY GENDER PAY GAP

At the date of this report we have insufficient data about what ethnicity our employees identify as. Rather than include arbitrary data here, we will focus on collecting ethnicity data in the coming years and will publish this information in future reports.

FIRM WIDE GENDER PAY GAP

MEDIAN HOURLY PAY GAP	25.4%
MEAN HOURLY PAY GAP	45.7%

NO BONUS PAY GAP COMPARISON AS PARTNER PROFIT SHARE IS USED AS COMPARISON TO HOURLY PAY

Although not a legal requirement, we have published this data to provide a clearer view of our current gender pay gap. However, it is important to note that this data has been compiled using two different pay structures. We have used the full profit share for partners to calculate the hourly rate.

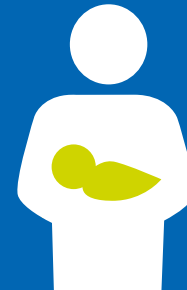
ADDRESSING THE PAY GAP IN 2019

The government has said it expects most employers to take five years to come to terms with the legislation and demonstrate real progress. It is with this in consideration and our commitment to address the gender balance and diversity that we have identified the following areas as areas of focus.



EMPLOYEE FOCUSED WORKSHOPS (BY GENERATION OR LEVEL)

UNDERSTAND WHAT PEOPLE VALUE TO INFORM
REWARD PROPOSITIONS AND CAREER STRUCTURES



MATERNITY RETURNERS

PROVIDE GREATER END TO END SUPPORT
FOR MATERNITY / PATERNITY LEAVERS



RECRUITMENT AND SELECTION PROCESSES

INITIATIVES TO ATTRACT MORE MEN
INTO JUNIOR ROLES



EMPLOYER BRAND

TRANSPARENCY ON CAREER PATHS
AND PROGRESSION

WE CONFIRM THAT THE DATA IN THIS REPORT IS ACCURATE AND HAS BEEN CALCULATED ACCORDING TO MANDATORY REQUIREMENTS.



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