AT PENNINGTONS MANCHES COOPER, WE ARE CONTINUING TO WORK HARD TO ENSURE WE OFFER A DIVERSE AND INCLUSIVE ENVIRONMENT FOR ALL OUR PEOPLE. WE BELIEVE THAT EVERY EFFORT SHOULD BE MADE TO ENHANCE THEIR POTENTIAL BY CREATING A WORKPLACE WHERE THEY FEEL VALUED AND ACCEPTED FOR WHO THEY ARE. BY ENCOURAGING TALENT INDIVIDUALLY, IRRESPECTIVE OF BACKGROUND, RACE, SEXUAL ORIENTATION, GENDER OR DISABILITY, WE ALSO FURTHER THE SUCCESS OF OUR BUSINESS AS A WHOLE.

2020 is our third year of gender pay gap reporting and we again welcome the opportunity to monitor our progress in delivering equality of opportunity across our organisation.

WHAT IS THE GENDER PAY GAP

It is worth reiterating that the gender pay gap measures the difference between the average earnings of men and women. It is not an assessment of pay differences between men and women who perform the same roles. As a firm, we are committed to equal pay and confident that we remunerate both men and women fairly in comparative positions.

Our latest data provides some encouraging results. There has been positive progress in all six of the metrics on which we are required by the Government to report. While the mean hourly pay gap and mean bonus pay gap still exist, remaining in favour of men, they have both reduced. Also of note is that overall there has been a 15% increase in the total number of males and females receiving a bonus. We now have a more even distribution of men and women across each pay quartile.

In terms of benchmarking, we compare ourselves with other top 100 law firms. For the legal profession as a whole, the median gender pay gap for 2018/19 was 27.3% while at Penningtons Manches Cooper, the figure was -10% (i.e. 10% in favour of women).

While this performance is indicative of some of the progress that has been made across our business, we are by no means complacent, recognising that much more can be achieved.

HOW ARE WE REDUCING THE GAP?

Once again, at first glance our data might suggest that we need more women at senior management level. As we have said in previous years, we do need to take into account our partnership structure and the impact this has on the availability of senior management roles. We are however seeing the makeup of the workforce shift with more males represented in the lower pay quartiles and an increase of women represented in the mid to upper quartiles compared to last year.

By continually reviewing our policies and processes, our aim is to act in a measured, sensible way while at the same time ensuring we maintain a diverse and inclusive workforce. Our dedicated diversity and corporate social responsibility manager, appointed in 2018, has done much to drive forward our agenda and raise the profile of key initiatives.

There have been four principal areas of activity over the past year: holding employee-focused workshops to understand what people value; providing greater end to end support for those on maternity or paternity leave; making improvements to our recruitment process to attract a diverse range of applicants; and developing a more transparent employer brand, free of gender bias.

In following through on the commitments we made 12 months ago, we have identified a number of steps we need to take for the coming year, such as reassessing remuneration processes and reviewing the bonus scheme, revising certain policies such as flexible working and absence and continuing to ensure there is no bias in the recruitment process.

Some areas of our programme will take time to be visible in published statistics and we will continue to monitor their impact. We are extremely conscious of the importance of maintaining momentum in relation to diversity and inclusion in order to achieve progress at all levels of the firm.

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Our Figures at a Glance

**Pay Data**

<table>
<thead>
<tr>
<th>Year</th>
<th>Mean Hourly Pay</th>
<th>Median Hourly Pay</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>10.6%</td>
<td>5.6%</td>
<td>-2.9%</td>
</tr>
<tr>
<td>2018</td>
<td>15.6%</td>
<td>8.4%</td>
<td>22.3%</td>
</tr>
</tbody>
</table>

Median and mean gender pay gap based on hourly rates of pay at the snapshot date of 5 April 2018.

There is an improvement of 2.9% in the mean hourly rate compared to 2018. This means that for every £1 a male earns, women earn 92p (compared to 89p in 2018). It is however important to note that when senior roles are removed, the pay gap is 13% in favour of women. Contributory factors for the changes include a 50% increase in males represented in the lower quartile, consisting of trainees, apprentices and support staff, since 2018 accompanied by the growing number of women represented in the mid to upper quartiles.

The median gap (the mid-point of all the pay ranges in order) is also now in favour of women, showing a considerable change from 2018.

**Bonus Data**

<table>
<thead>
<tr>
<th>Year</th>
<th>Mean Bonus</th>
<th>Median Bonus</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>49.4%</td>
<td>-0.60%</td>
<td>8.4%</td>
</tr>
<tr>
<td>2018</td>
<td>57.8%</td>
<td>21.7%</td>
<td>22.3%</td>
</tr>
</tbody>
</table>

Median and mean difference between the bonuses paid to men and women in the 12 months leading to 5 April 2019.

The mean bonus pay gap remains high but has reduced year on year. The figure is impacted by the requirement to report on actual sums received rather than FTE. As 30% of women who were awarded a bonus in 2018 worked part time, this will have meant the sums received for women are typically lower. Higher value payments to a handful of senior male staff also drive the pay gap.

Where negative figures are shown, this indicates the gap is in favour of women.
There has been a slight increase in the mean and median pay gap in favour of men. These figures are based on profit share allocation for the year ending 31 March 2019 and 31 March 2018 respectively. Although they are therefore not directly comparable with our employee data, they provide an indicative picture.

**Partner Pay Data**

<table>
<thead>
<tr>
<th>Year</th>
<th>Mean Hourly Pay Gap</th>
<th>Median Hourly Pay Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>12.3%</td>
<td>14.1%</td>
</tr>
<tr>
<td>2018</td>
<td>11.5%</td>
<td>12.1%</td>
</tr>
</tbody>
</table>

**Change**

- Mean: 0.8%
- Median: 2.0%

**Proportion of Employees Receiving a Bonus**

<table>
<thead>
<tr>
<th>Year</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>70.7%</td>
<td>77.4%</td>
</tr>
<tr>
<td>2018</td>
<td>66.7%</td>
<td>73.5%</td>
</tr>
</tbody>
</table>

**Change**

- Men: 4.0%
- Women: 3.9%

The number of men and women receiving a bonus has increased by 15% in comparison with the previous year. This is largely due to a firmwide bonus being awarded to the majority of staff in September 2018 in recognition of the firm’s overall performance for the year ending March 2018.

**Pay Quartiles**

The distribution of men and women across the quartiles is now more representative of our total workforce (66% women and 34% men). While the number of men in the upper quartile has remained static, the number of women has increased by 17%. Our recent 2019 promotion cohort saw a larger proportion of women promoted compared to males which is an encouraging indication that our talent pipeline is reflective of the overall workforce.

**Partner Pay Data**

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<td>12.1%</td>
</tr>
</tbody>
</table>

**Change**

- Mean: 0.8%
- Median: 2.0%

Based on profit share allocation for the year ended 31 March 2019 and 31 March 2018 respectively.
ETHNICITY GENDER PAY GAP

Based on our experience of gathering and analysing our gender pay gap data, we intend to broaden our focus by collecting ethnicity data for future reports. Although we currently have insufficient data about what ethnicity our employees identify as, we are actively encouraging those who have not already done so to add this information to our systems.

FIRMWIDE GENDER PAY GAP

<table>
<thead>
<tr>
<th>Year</th>
<th>Mean Hourly Pay Gap</th>
<th>Median Hourly Pay Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>39.2%</td>
<td>19.6%</td>
</tr>
<tr>
<td>2018</td>
<td>45.7%</td>
<td>25.4%</td>
</tr>
</tbody>
</table>

We published these figures, combining partner profit share allocation with employee pay data, for the first time last year and although it is not a statutory requirement, we want to continue to provide a clearer picture of our current gender pay gap. It is important to note that the figures have been compiled using two different pay structures. We are however encouraged to see a reduction of the gap in both metrics.

LOOKING FORWARD

It is the Government’s view that it will take five years for businesses to see a significant impact on data as a result of their response to the gender pay gap legislation introduced in 2017. As we continue our plan of targeted actions to address diversity issues and reduce the gap, we are placing particular emphasis on the areas below in 2020.

- **Remuneration Processes**: A review of our remuneration processes and structures including a bonus scheme review.
- **Absence Policies**: A review of our absence policies and procedures to ensure competitiveness and that the right support is provided for all of our people.
- **Recruitment and Selection**: Continued improvement in our recruitment and selection processes including the introduction of measures to remove any unconscious bias.

We confirm that the data in this report is accurate and has been calculated according to mandatory requirements.