



PENNINGTONS  
MANCHES  
COOPER

# UK GENDER AND ETHNICITY PAY GAP 2022



# INTRODUCTION

Diversity, equity and inclusion is integral to life at Penningtons Manches Cooper. We are committed to bringing people with different experiences and backgrounds together because this is essential for creating an inclusive workplace and for future growth and success. By recruiting and retaining the most talented and motivated people - regardless of identity, background, or circumstances - we can deliver the best possible real-world outcomes for our clients.

This report marks the sixth annual publication of our UK gender pay data and our third UK ethnicity pay report. We continue to hold ourselves accountable by disclosing more than we are required to by providing data on our partners and voluntarily publishing our ethnicity pay and firmwide gap.

As of April 2022, our median gender pay gap for all staff slightly increased to 12.6% (up from 12% in 2021), and although it's a small increase we are concerned by any widening of the gap. Our median bonus pay gap has increased to 17.9% (up from 16.3% in 2021) largely due to a firmwide bonus awarded to all staff in 2021.

We are encouraged by the progress we are making with the senior leader population and promotions. We have seen an improvement in senior roles, with a reduction in the median pay gap to 16.4% (down from 26.4% in 2021). There has been a shift in the make-up of senior roles with a 50% reduction in central directors who are men and the introduction of the managing associate role, resulting in a 50/50 representation of men and women. In 2022, 56% of all promotions were women and 58% of partner promotions were women. We do have more work to do with our partner gender pay gap as the median gender pay gap has increased to 22.8% (up from 20.9% in 2021).

Our ethnicity median pay gap for all staff decreased to 16.3% in 2022, down from 18.1% in 2021. This is driven by our determination to improve recruitment measures and increase the diversity of entry level talent, where the population of Black, Asian, and other ethnic minority groups has increased.

We understand why we have a gender pay gap. There are some industry limitations but it is mainly due to a lower female representation in leadership roles and having less males 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.

Penningtons Manches Cooper remains fully committed to reducing pay gaps and strengthening our inclusive culture. To monitor progress each year, we focus our efforts on improvements in three 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, fairness and equity at every level of the organisation.



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# OUR FIGURES

The gender pay gap is defined as the difference in the average hourly wage between men and women across a workforce. It is important to acknowledge that it is not an assessment of pay differences between men and women who hold the same roles – we are committed to equality in pay and have robust strategies in place to ensure that individuals in equivalent positions are paid fairly.

The gender pay gap is illustrated through two key metrics:

## Mean

Mean figures represent an average, i.e. the sum of compensation of the individuals included in the data, divided by the number of individuals.

## Median

If we rank everyone’s pay/bonus data from lowest to highest, the median is the value in the middle of that list.

## WHAT DOES THE DATA TELL US?

### Gender pay gap

In 2022, on a mean basis, women were on average paid 14.2% less than men. This gap has reduced by 1.6 points since 2021, when women were paid 15.8% less.

MEDIAN		MEAN	
2022	2021	2022	2021
12.6%	12.0%	14.2%	15.8%

Our gender pay gap data is based on UK employee hourly pay as of 5 April 2022. Our data includes lawyers and business service professionals.

### Gender bonus pay gap

In 2022, on a mean basis, women received an average bonus that was 29.5% lower than bonuses paid to men. This gap has increased since 2021 by 15.7 points, largely due to an additional firmwide bonus awarded in May 2021. The median bonus gap has also increased marginally (1.6 points).

MEDIAN		MEAN	
2022	2021	2022	2021
17.9%	16.3%	29.5%	13.8%

Our gender bonus pay gap is based on all bonuses received between 6 April 2021 and 5 April 2022.

### Proportion of men and women receiving a bonus payment

In 2021, 39.8% of women received a bonus payment. This has increased in 2022 by 38.5 points (compared to 32.1 points for men), when 78.3% of women received a bonus.

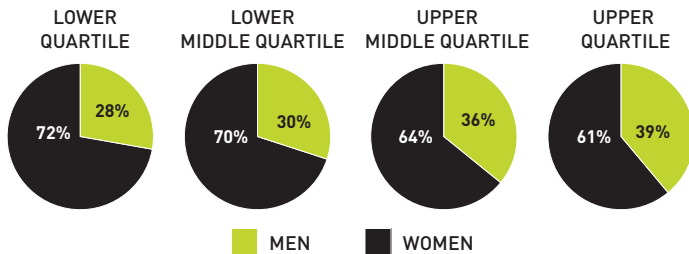
MEN		WOMEN	
2022	2021	2022	2021
74.3%	42.2%	78.3%	39.8%

Our gender bonus pay gap is based on all bonuses received between 6 April 2021 and 5 April 2022.

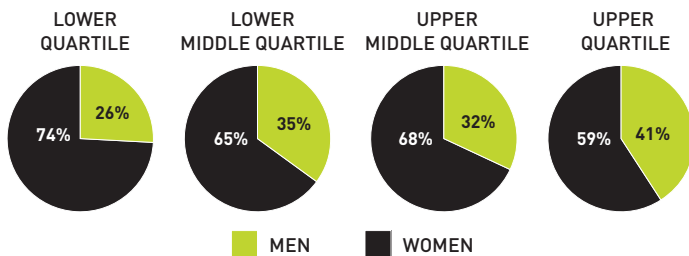
## Pay quartiles

In 2022, 61% of those employees in our upper pay quartile were women. This has increased by 2 points since 2021, when 59% of the upper pay quartile were women.

### 2022



### 2021



The pay quartiles are calculated by sorting the entire population of employees from highest to lowest hourly pay rate and dividing that list into four equal parts. We then work out the percentage of men and women in each quartile.

## Firmwide gender pay gap (includes partners)

Our overall pay gap is impacted by the level of remuneration that the partners receive, the proportion of women in the UK partnership and the high proportion of women in our lower quartile population.

MEDIAN		MEAN	
2022	2021	2022	2021
23.6%	25.0%	41.3%	42.0%

These figures combine partner profit share allocation with employee pay data and as such have been compiled based on two different pay structures.

## Partner gender pay gap

Our partner gender pay gap is impacted by the level of remuneration that the partners receive and the proportion of women in the UK partnership (37% of the total UK partners at the snapshot date are women).

MEDIAN		MEAN	
2022	2021	2022	2021
22.8%	20.9%	18.3%	14.3%

Our partner gender pay gap is based on UK partner profit share and bonus awarded under the 2022 partner remuneration review.

## ETHNICITY PAY GAP DATA ALL EMPLOYEES (EXCLUDING PARTNERS)

The ethnicity pay gap shows the difference in the average pay between employees from ethnic minority backgrounds, compared to white employees. Where there is a positive percentage, this means that the average pay of a white employee is higher than that of an employee from an ethnic minority group.

## Ethnicity pay gap

In 2022, on a median basis, employees from ethnic minority backgrounds were paid 16.3% less than white employees. This has reduced by 1.8 points since 2021, where the median was 18.1%. On a mean basis, this has also reduced from 14.0% in 2021 to 9.9% in 2022.

MEDIAN		MEAN	
2022	2021	2022	2021
16.3%	18.1%	9.9%	14.0%

Our ethnicity pay gap is based on UK employee hourly pay as at 5 April 2022. Our data includes lawyers and business services professionals.

# PROGRESS AND LOOKING FORWARD

## 1. LEADERSHIP: OUR DIVERSITY, EQUITY & INCLUSION (DE&I) STRATEGY AND GOALS




We are encouraged by the progress we have made over the last year but recognise that we still have work to do in not only reducing the gap at leadership level but also strengthening our DE&I strategy and goals. Our leadership team works alongside our gender pay gap steering committee to actively support and encourage positive change across the firm. Some of our work in 2022 has included:

- Introducing a managing associate role which forms part of the senior role population in our career structure – to date, 50% of promotions to this level are women. For partner promotions, 58% were women.
- Establishing a race and faith action group to reduce and ultimately remove the ethnicity pay gap. Their aim is to create a coordinated plan targeting key initiatives that will help to move us forward in this area.
- Formalising our CEO as the senior DE&I sponsor to help drive change and promote the inclusive culture we want to build upon.

Looking forward:

- Our gender pay gap steering committee continues to focus on three key areas -
  - transparency around promotion and career progression
  - addressing the parental penalty
  - support for new parents
- Our aim is for at least 45% of all partners to be women by 2030.

 Our leadership team works alongside our gender pay gap steering committee to actively support and encourage positive change across the firm.

## 2. ATTRACTING AND RETAINING DIVERSE TALENT



We have introduced several initiatives to help us target a broad range of backgrounds through our recruitment process and improve how we retain and manage talent across the firm:

- We are signatories of the Race Fairness Commitment and have been using this data-led model to help embed inclusive procedures in our hiring process for almost two years. We also use contextualised recruitment software to understand a candidate's potential and initiated an internal campaign to encourage employees to complete their social mobility information so that we have improved data in this area.
- We are keen to support talented young people who, for social, economic and/or cultural reasons, may face barriers entering the legal profession. We have introduced several initiatives that focus on targeting students at schools, colleges and universities to inspire younger generations to consider a legal career:
  - We have introduced application clinics for students from under-represented backgrounds.
  - We have launched EMpower, our first-year programme for ethnic minority students.
  - Our A-level work experience placements scheme offers 50% of places to students from low socioeconomic backgrounds.

We continue to review our selection processes, set goals and benchmark ourselves to better understand how we compare against our peers. Some of the targets we have set ourselves for 2023 and beyond include:

- Increasing the breadth and quality of our data collection further by introducing a new recruitment system that enables better reporting capabilities.
- Implementing an interview framework that provides best practice to interviewers and educates on how to reduce unconscious bias.
- Improving data tracking of equal opportunities with external agencies.
- Completing a grade adjusted adverse impact review to focus on improving the retention of ethnic minority candidates.
- Targeting a broader range of universities through our student outreach.

# PROGRESS AND LOOKING FORWARD

## 3. CREATING AN INCLUSIVE CULTURE



By supporting our people at all levels and in multiple ways by offering opportunities for professional and personal development, we can focus on creating a truly inspirational culture.

- We have many employee networks that are passionate about inclusivity and play an important role in supporting and educating our people. These include: LGBTQIA+, disability and mental health (including neurodiversity), gender, age, race and faith and socioeconomic committees.
- Firmwide feedback sessions have been introduced to increase transparency around our annual pay reviews and remuneration processes across all role levels. Career development and promotion guidance sessions targeted at fee earners.
- Recognition isn't something that should be celebrated once a year but all year round. To embed this into our culture, we introduced a multifaceted recognition scheme that focuses on celebrating all achievements at both a team and individual level.
- Flexible and hybrid working plays an important part in attracting talent and supporting our people to have a healthy work life balance, plus enabling them to do their best work.
- Employee voice is one of our most powerful and influential tools. We actively encourage feedback across a range of platforms and forums, including engagement surveys that are then acted upon through detailed team action plans.

We continue to review and improve the support we provide for our people to ensure we are doing our best in retaining talent and helping people to achieve their full potential. This involves a clear DE&I strategy with targets and action plans.



**Employee voice is one of our most powerful and influential tools. We actively encourage feedback across a range of platforms and forums.**



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