



PENNINGTONS
MANCHES
COOPER

UK
GENDER
AND
ETHNICITY
PAY GAP
2023

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INTRODUCTION

In working to achieve the business objectives set out in our 2023-2026 strategic plan, our people are our greatest asset. We know that being able to recruit and retain the right people for each job, regardless of identity, background, or circumstances, ultimately produces the best results for our clients. Creating an inclusive, fair, and equitable workplace is critical to realising those objectives, so that each of us can rise to the challenge and achieve our full potential.

As we publish our seventh annual UK gender pay gap report, and our fourth UK ethnicity pay gap report, we are pleased to report that our average (mean) gender pay gap for all staff fell by 2.2 percentage points to 12% in the year to April 2023, compared with 14.2% a year previously.

Over the same period, our average (mean) bonus pay gap fell by 14 percentage points to 15.5%, compared with 29.5% in the year to April 2022. Firmwide, we saw a near equal proportion of men and women receiving a bonus payment.

While the data shows that we are continuing to improve our gender pay gap, we recognise that there is still work to do. Our gender pay gap reporting is an important part of our broader commitment to responsible business, and this is why we go further than the requirements of the UK Workplace Gender Equality Agency, by also publishing data on our partners' and ethnicity pay gaps.

A LOWER PARTNER GENDER PAY GAP

Over the course of the year, we made progress in decreasing our partner gender pay gap to 15%, down from 18.3% in 2022. Representation of men and women in our central director and managing associate roles is divided equally, and in 2022/2023, 57% of all promotions, and 62% of partner promotions, were women. The proportion of employees in each pay quartile has remained largely the same year-on-year, and we continue to see a higher proportion of women in each quartile.

Our ethnicity mean pay gap for all staff has widened to 12.9% in 2023, up from 9.9% a year earlier. We did see an increase in ethnic minority promotions and new hires of 16.1% and 15.8% respectively. However, as these individuals were recruited into junior roles, this had the consequence of pushing the pay gap up. We have expanded the criteria for participants in our EMpower programme, which is focused on increasing Black and ethnic minority representation in order to reach more candidates, and we will pay the participants in line with our vacation scheme.

We have also more recently become members of Women in the City Afro-Caribbean Network (WCAN). We continue to work with the Black Solicitors Network and run our A-level work experience programme, Limitless, as part of the legal services market's PRIME initiative, which encourages meaningful work experience opportunities for students from low-income backgrounds across the UK. We remain committed to finding ways to increase the inclusiveness of our lateral recruitment strategy and have recently begun working with myGwork and MyPlus to start this journey.

RETAINING AND SUPPORTING OUR PEOPLE

In addition to remuneration, we are alive to the importance of supporting our people in balancing their professional roles with their lives outside of work. This is why we have partnered with Parents in Law, a community dedicated to supporting parents within the legal services sector, and introduced a Time Off Support Policy to help people manage the challenging personal circumstances that can arise in life. This includes paid fertility leave and up to four weeks of time off for pregnancy loss, irrespective of gender.

We have also launched an HRT financial support benefit for those experiencing menopause symptoms, or for people who are transitioning, and we have engaged with digital training platform, inrehearsal, to learn from its DEI and development programme. Our Pennclosure Gender Pay Group, alongside our other Pennclosure committees, helps us drive forward our inclusion efforts.

Looking ahead, Penningtons Manches Cooper remains committed to reducing the firm's gender and ethnicity pay gaps, and to strengthening our credentials as an inclusive and responsible business.



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OUR FIGURES

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 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, to ensure that individuals in comparable positions are paid fairly, we have robust strategies in place.

The gender pay gap, therefore, offers a company-wide picture. It is illustrated through two key metrics:

Mean

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

Median

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

As a result, we have two types of gender pay gap:

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

WHAT DOES THE DATA TELL US?

Gender pay gap

In 2023, on a mean basis, women were on average paid 12% less than men. This gap has reduced by 2.2 points since 2022, when women were paid 14.2% less on average.

MEDIAN		MEAN	
2023	2022	2023	2022
7.1%	12.6%	12.0%	14.2%

Our gender pay gap data is based on UK employee hourly pay as of 5 April 2023. Our data includes lawyers and business service professionals.

Gender bonus pay gap

In 2023, on a mean basis, women received an average bonus that was 15.5% lower than the bonuses paid to men. This gap has reduced by 14 points since 2022, when the gap was 29.5%.

The median bonus gap has reduced significantly by 26.1 points, down from 17.9% in 2022, meaning that, on a median basis, in 2023, women received bonuses that were 8.2% higher than those paid to men.

MEDIAN		MEAN	
2023	2022	2023	2022
-8.2%	17.9%	15.5%	29.5%

Our gender bonus pay gap is based on all bonuses received between 6 April 2022 and 5 April 2023.

Proportion of men and women receiving a bonus payment

In 2022, 74.3% of men, and 78.3% of women in the firm received a bonus payment. In 2023, this decreased for both men and women. Firm-wide, we saw a near equal proportion of men and women receiving a bonus payment. 35.7% of men received a bonus (a reduction of 38.6 points since 2022), and 37.7% of women received one (a reduction of 40.6 points).

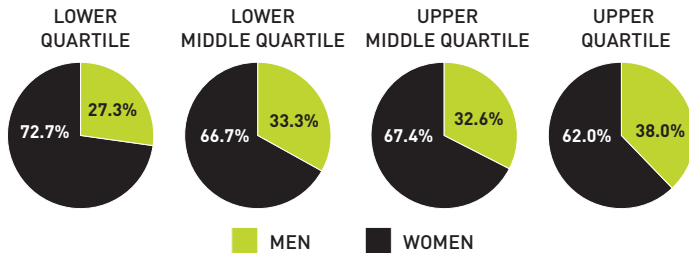
MEN		WOMEN	
2023	2022	2023	2022
35.7%	74.3%	37.7%	78.3%

Our gender bonus pay gap is based on all bonuses received between 6 April 2022 and 5 April 2023.

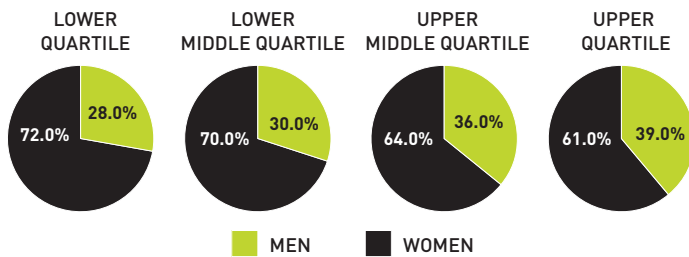
Pay quartiles

In 2023, 62% of those employees in our upper pay quartile were women. This has increased by 1 point since 2022, from 61%. In the upper middle quartile, there was an increase of 3.4 points, taking the percentage of women from 64% in 2022, to 67.4% in 2023.

2023



2022



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

This figure, which is an additional voluntary disclosure, takes into account the level of remuneration that partners receive, the proportion of women in the UK partnership, and the high proportion of women in our lower quartile population.

In 2022, the mean gender pay gap was 41.3%. This has reduced by 5.9 percentage points to 35.4% in 2023.

MEDIAN		MEAN	
2023	2022	2023	2022
20.3%	23.6%	35.4%	41.3%

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 (41% of the total UK partners at the snapshot date are women).

In 2022, the mean partner gender pay gap was 18.3%. This has reduced by 3.3 percentage points to 15% in 2023. Additionally, the median partner gender pay gap fell from 22.8% in 2022, to 13.9% in 2023.

MEDIAN		MEAN	
2023	2022	2023	2022
13.9%	22.8%	15.0%	18.3%

Our partner gender pay gap is based on UK partner profit share and bonus awarded under the 2023 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 2023, on a median basis, employees from ethnic minority backgrounds were paid 32.7% less than white employees. This has increased by 16.4 points since 2022, where the median gap was 16.3%. On a mean basis, this has also increased from 9.9% in 2022 to 12.9% in 2023.

MEDIAN		MEAN	
2023	2022	2023	2022
32.7%	16.3%	12.9%	9.9%

Our ethnicity pay gap is based on UK employee hourly pay as at 5 April 2023. Our data includes lawyers and business services professionals.

REVIEW



Future Leaders Programme

We have launched our Future Leaders Programme, to develop our talent into senior leadership roles.



Time Off Support Policy

This policy has been introduced to support individuals through a variety of personal and challenging events, ie support for carers, fertility treatment, and experiencing pregnancy loss.



Parents in Law

We have partnered with Parents in Law, a community dedicated to supporting parents within the legal sector.



HRT financial support

We have introduced a new benefit this year: HRT financial support, to support those with hormone replacement therapy subscription costs.



Inclusive recruitment

- With our EMpower programme, the firm continues its commitment to increasing Black and ethnic minority representation in the legal sector.
- Our A-level work experience programme continues to be aligned with our PRIME commitment, which encourages meaningful work experience opportunities for students from low-income backgrounds in law firms across the UK and Republic of Ireland.
- Introduction of the Black Solicitors Network, which provides annual mentoring and sponsorship programmes for ambitious Black and other minority ethnic lawyers.
- Collaboration with Women in the City Afro-Caribbean Network (WCAN) – we are seeking to provide mentors, who can act as guides to mentees for a nine-month period.
- Penningtons Manches Cooper became a member of myGwork, to further improve our inclusive recruitment.



2024 AND BEYOND



Remuneration

We plan to review our current remuneration processes and guidelines to align with our firm strategy, with increased transparency around promotion and career progression.



EMpower programme

As part of our wider commitment to increasing the representation of Black heritage and ethnic minority individuals in the legal sector, from 2024, the criteria for participants has expanded to reach a greater number of individuals, and participants will be paid in line with our vacation schemes.



Pennclosure

We continue to work with our Pennclosure Gender Pay Group, which helps drive forward our inclusion efforts, with focus on particular areas of potential change.



DEI training

We have engaged with the digital training platform, inrehearsal, which has significant DEI and development offerings, with the goal of continuing to upskill our people, and enable them to achieve their career goals.



Family Friendly Policy

We will be conducting a review of our family friendly policies.





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