



headlam

Gender Pay  
Gap Report  
2022

# > GENDER PAY GAP REPORT

## 2022

In 2016 the government announced a requirement for any employer with 250 or more employees, to publish their Gender Pay Gap on an annual basis.

### What is the Gender Pay Gap?

The Gender Pay Gap is the percentage difference between the hourly pay for male employees and female employees. The regulations prescribe hourly pay to include certain allowances and extra payments in addition to basic salary.

It is important to note that a Gender Pay Gap is distinctly different from equal pay. Equal pay is equality of pay between men and women for work of equal value – i.e., within the same or similar job role.

### Reporting Requirements

The Gap is reported as a mean and a median:

- The **mean gender pay gap** is the difference between average hourly pay between male and female employees
- The **median gender pay gap** is the difference between the hourly pay midpoint value (50th percentile) between male and female employees

The figure must be calculated in the pay period based on the “snapshot date”, typically the period that includes 5th April for private employers. All employers must publish their pay gap on the specified government website, on their own website and in their annual report.

In addition to the mean and median hourly pay, data regarding gender bonus gap, the proportion of men and women receiving a bonus, and the proportion of men and women in each pay quartile must also be published.

It is important to note that employees who did not receive their normal pay on the snapshot date, for instance because they were on statutory sick pay, statutory maternity pay or because they were furloughed, are excluded from the hourly pay gap calculations. This is different for bonus gap calculations, where everybody on payroll on the snapshot date is included.

Each legal entity with over 250 employees must have separate reports and therefore HFD Limited (HFD), MCD Group Limited (MCD) and Headlam Group PLC (PLC) have separate figures. With fewer than 250 employees it is not a requirement to publish PLC figures, however in the interest of transparency we publish PLC data voluntarily.

As employee numbers for the Domus and Ceco legal entities are both below 250, no gender pay gap report is published for them and they are not included in the Headlam UK calculations below.

The government requires companies to keep data publicly available for 3 years and it produces league tables showing compliant and non-compliant employers. In addition to the reporting requirements, the government is keen to see businesses outline their intended plans to address and reduce the gap.

### Headlam UK\* Gender Pay Results – 5th April 2022 (the snapshot date)

	Headlam UK* Mean Pay Gap	Headlam UK* Median Pay Gap	Overall UK Median Pay Gap
2022	5.6%	4.8%	14.9%
2021	7.4%	1.8%	15.4%
2020	7.4%	6.2%	14.9%
2019	9.1%	10.8%	17.4%
2018	11.4%	10.1%	17.8%
2017	15.6%	10.5%	18.4%

\* Headlam UK includes HFD, MCD and PLC, but excluding Domus and Ceco entities

The number of people included in the hourly pay gap calculations on the 2022 snapshot date is significantly higher than in 2021, i.e. 1,678 full pay relevant employees in 2022 compared to 1,286 full pay relevant employees in 2021. This is predominantly because of the impact of furlough on the 2021 snapshot date, with approximately 550 employees not being on their full normal pay on the snapshot date.



## Gender Pay Results for entities – 5th April 2022 (the snapshot date)

	Mean	Median
In HFD female pay is	10.7% lower than male pay	8% lower than male pay
In MCD female pay is	5.5% lower than male pay	4.5% lower than male pay
In PLC female pay is	48.1% lower than male pay	30.3% lower than male pay
In <b>Headlam UK*</b> female pay is	5.6% lower than male pay	4.8% lower than male pay

\* Headlam UK includes HFD, MCD and PLC, but excludes Domus and Ceco entities

The median Headlam UK Gender Pay Gap has increased to 4.8%, although it should be noted that the median for 2021 was materially impacted by the pandemic, and this remains significantly below the UK median pay gap of 14.9%. Comparing 2022 to 2021, male median hourly pay increased by 12.3% to GBP 13.42, whereas female median hourly pay increased by 9% to GBP 12.78, thus increasing the median hourly gap.

Mean hourly pay in 2022 increased by 7.3% for men to GBP 16.43 and 9.4% for women to GBP 15.51. The mean hourly pay gap improved by 1.8%, to 5.6%.

## Bonus Participation and Bonus Pay Gap

Proportion of males and females receiving a bonus payment (during the 12 months up to April 5th 2022)

	Male	Female
Proportion receiving bonus in HFD	93.3%	93.3%
Proportion receiving bonus in MCD	95.4%	93.3%
Proportion receiving bonus in PLC	80%	84.6%
Proportion receiving bonus in <b>Headlam UK*</b>	93.6%	93%

\* Headlam UK includes HFD, MCD and PLC, but excludes Domus and Ceco entities

## Bonus Pay Gap

	Mean	Median
In HFD the bonus payment for women is	34.2% lower than for men	28.1% lower than for men
In MCD the bonus payment for women is	2.5% lower than for men	35.5% higher than for men
In PLC the bonus payment for women is	70.2% lower than for men	98.6% lower than for men
In <b>Headlam UK*</b> the bonus payment for women is	14.1% lower than for men	1.5% lower than for men

\*Headlam UK includes HFD, MCD and PLC, but excludes Domus and Ceco entities

Overall bonus participation increased to 93.4% in 2022 compared to 87.9% in 2021, but with women (12.1% higher bonus participation) increasing more than men (3.9% higher bonus participation).

Median bonus pay-out increased by 90% to GBP 2,055 for men and by 230% to GBP 2,025 for women, in turn decreasing the overall median bonus gap in 2022 to 1.5% compared to 18.9% in 2021.

Comparing 2022 to 2021, the mean bonus pay-out increased by 326% for men to GBP 5,903 and 317% to GBP 5,070 for women. The mean bonus pay gap has increased from 11.7% in 2021 to 14.1% in 2022.

The number of employees receiving zero bonus decreased by 48% to 122 people, with women and men being impacted equally (-10.44%, or 48 less women and -10.44% or 66 less men respectively).



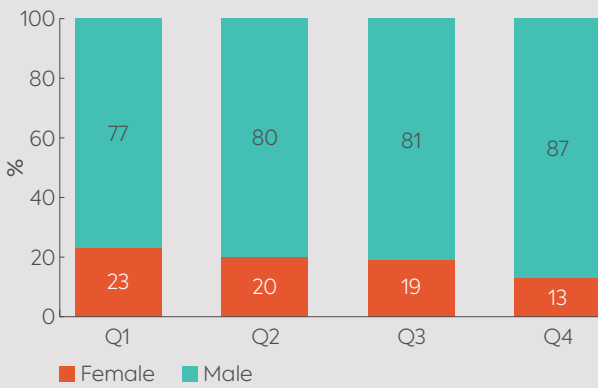
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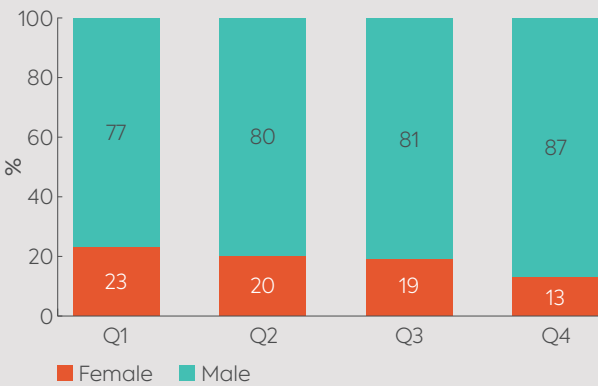
### Proportion of men and women in each pay quartile

The chart below shows the female to male ratio in each pay quartile, lowest (Q1) to highest (Q4). The data highlights that there are fewer women in higher paid, senior roles than men.

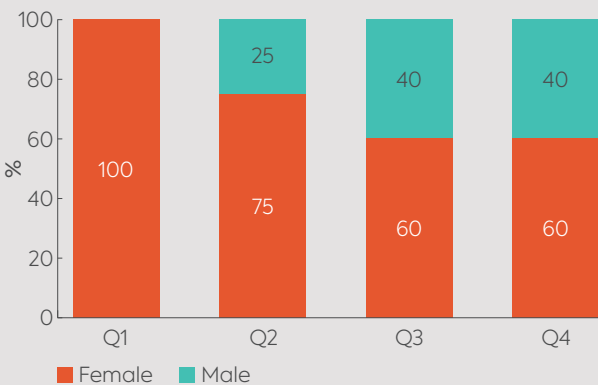
#### HFD female to male ratio



#### MCD female to male ratio



#### PLC female to male ratio



### Summary

An improvement in the mean gender pay gap year on year is promising. The median gender pay gap has worsened year on year. However, as 2021 was an exceptional year due to the impact of furlough on the snapshot data, it is pleasing to see a 2-year improvement of 1.4%.

The progression of females through the business is still an area requiring improvement and will form part of the DEI long term plan.





## Focus areas

The Company has a stated desire to create a truly inclusive workplace where everyone is being seen, heard and valued, and building a workforce that reflects the local communities we serve. Central to this is a belief in the principles of fair pay and progression, and that the workplace should be equitable for everybody. At Headlam everybody should have the ability to fulfil their potential, and make the best contribution they can to the success of the Company.

There were several near-term focus areas in 2022 to operationalise and embed these beliefs, in turn making Headlam a more attractive employer to join and work for, and an inclusive environment for everyone to perform at their best:

### Capability Development and Culture

- In order to increase diversity and assist in providing a more diverse pipeline for senior management roles, the Committee approved the appointment of a third-party expert to conduct a business wide diversity review in 2022. This engaged with internal stakeholders via an anonymous employee survey, a desktop review of relevant policies and documents, eight one-to-one interviews with senior leaders and influencers and six focus groups with a wide range of employees attending.
- The output of this report will be used by the Executive team to develop a multi-year DEI plan. In recognition of the capabilities required to achieve this aim the Executive approved an investment in internal resource to develop and support the delivery of the DEI plan.
- The Company has started working with Business in the Community (BITC) as a partner to consult on our employment policies, processes and third party relationship and ensure that unconscious bias is eliminated.

## Communication

- Following the appointment of an Internal Communications specialist in 2022, communication channels will continue to be expanded upon, with a particular focus on facilitating feedback. Headlam always wants its colleagues to freely give their views, including any concerns they may have. Chris Payne, who became Chief Executive in March 2022, and members of the Executive Team have held newly instigated 'open forums' throughout 2022 across all the Company's distribution sites. These forums gave colleagues from all departments the opportunity to give feedback and ideas for improvement directly to members of the senior team. There have also been more frequent face-to-face engagement by the Board's Non-Executive Directors, with a greater number of formal and informal meetings at sites across the group. Additionally, the format and scope of the established Employee Forum, which has both Executive and Non-Executive Director representation, has been enhanced to allow greater interaction and mechanisms for feedback from a wider cross-section of colleagues, who can also visit other sites while attending the Forum.
- A new 'Speak Up' policy has been designed and put in place in 2022 improving the Company's existing whistleblowing policy and practices. This included the sourcing of a third-party managed service to provide a confidential reporting mechanism.
- In 2023 a new colleague engagement measurement will be implemented to provide the Company with valuable insight directly from our colleagues.

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### Reward

- A revised Management Bonus Scheme has been rolled out across all leadership grades in 2022. The scheme focused on; driving excellent performance locally at sites and at UK Distribution level, providing motivation through clear targets and higher rewards where colleagues excel, and enabling us to recruit and retain great people through a market competitive scheme. This scheme has replaced local schemes and creates a level playing field for all colleagues at the same career levels across UK Distribution.
- A number of market reviews took place in 2022 for some of our key volume roles including Drivers, Warehouse Operatives and Sales Representatives with the intention of paying at least the current Real Living Wage for every colleague.
- To help address the prevailing inflationary environment, its impact on cost of living, and support more junior colleagues, the Company decided in 2022 to take a tiered approach to its annual pay award in 2023. For 2023, lower salaried employees received a higher percentage increase to their salaries, with this percentage decreasing higher up the scale.
- The Company has a number of established rewards and benefits in place, including: pension provision; death in service benefits; HMRC approved save-as-you-earn ("SAYE") Sharesave scheme; and access to retail discounts. Changes and improvements implemented during 2022 include:
  - Moving to one pension for all colleagues, providing more generous and flexible contribution structure, and consistency and fairness across the group
  - Enhancing and harmonising holiday entitlement
  - Putting in place equal sick pay for all colleagues
  - Providing financial wellbeing support and advice through a third party



### Recruitment

- Ensuring we have a diverse candidate shortlist for all senior appointments has led to the appointment of two female Executives in the Chief People Officer and the Chief Customer Officer roles in 2022.
- A full recruitment process review will take place in 2023 in partnership with BITC to test each stage of the process and improve any elements which will improve inclusivity.

This Gender Pay Gap Report 2022 was approved by the Company's Remuneration Committee, and the data for the HFD\* and MCD\* reporting companies published on the specified UK government website: <https://gender-pay-gap.service.gov.uk/>

\* Headlam UK includes the three UK reporting companies HFD Limited ('HFD'), MCD Group Limited ('MCD') and Headlam Group plc ('PLC'). With fewer than 250 employees, it is not a requirement to publish PLC figures, however, in the interest of transparency the Company includes PLC data voluntarily. The legal entities of Domus and CECCO are not included, both being below the 250







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