

A young woman with her hair in a bun, wearing white headphones, an orange button-down shirt, and blue jeans, is sitting cross-legged on a light-colored rug in front of a brown sofa. She is looking down at a tablet computer she is holding. The background shows a modern living room with a white shelf holding a small potted plant and a plate of bread, and a larger green plant to the right.

headlam

Gender Pay Gap Report

2023

GENDER PAY GAP REPORT 2023

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 or statutory maternity pay, 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 MCD or PLC figures, however in the interest of transparency we publish both voluntarily.

As employee numbers for the Domus, Melrose and Ceco legal entities are all 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 2023 (the snapshot date)

	Headlam UK* Mean Pay Gap	Headlam UK* Median Pay Gap	Overall UK Median Pay Gap
2023	-0.8%	2.1%	14.3%
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 excludes Domus, Melrose and Ceco entities.

The number of people included in the hourly pay gap calculations on the 2023 snapshot date has increased by 137 colleagues year on year with the number of males and females increasing proportionately. As such the number of females as a proportion of the eligible colleagues remains at 19%.



Gender Pay Results for entities – 5th April 2023 (the snapshot date)

	Mean	Median
In HFD female pay is	7.1% lower than male pay	6.6% lower than male pay
In MCD female pay is	0.9% lower than male pay	11.2% higher than male pay
In PLC female pay is	47.1% lower than male pay	48.2% lower than male pay
In Headlam UK* female pay is	0.8% higher than male pay	2.1% lower than male pay

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

The median Headlam UK Gender Pay Gap has decreased to 2.1% which continues to be significantly below the UK median pay gap of 14.3%. Comparing 2023 to 2022, male median hourly pay increased by 2.8% to GBP 13.80, whereas female median hourly pay increased by 5.7% to GBP 13.51, thus decreasing the median hourly gap.

Mean hourly pay in 2023 increased by 4% for men to GBP 17.10 and 11% for women to GBP 17.23 resulting in the average female pay exceeding the average male pay for the first time since reporting commenced. This is predominantly due to the smaller proportion of females in the lowest quartile of pay (Q1) year on year and increased proportion of women in the highest pay quartile, both showing a swing of 5%. There have also been a number of senior female appointments in the last year both internally and externally, helping to create a more gender balance senior leadership team.

Bonus Participation and Bonus Pay Gap

Proportion of males and females receiving a bonus payment (during the 12 months up to April 5th 2023)

	Male	Female
Proportion receiving bonus in HFD	59.7%	78%
Proportion receiving bonus in MCD	72.2%	88.2%
Proportion receiving bonus in PLC	100%	60%
Proportion receiving bonus in Headlam UK*	61.2%	78.2%

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

Bonus Pay Gap

	Mean	Median
In HFD the bonus payment for women is	21.5% lower than for men	34.7% higher than for men
In MCD the bonus payment for women is	30.8% lower than for men	13.5% higher than for men
In PLC the bonus payment for women is	93.1% lower than for men	31.4% lower than for men
In Headlam UK* the bonus payment for women is	18% lower than for men	22.8% higher than for men

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

Bonus participation decreased significantly in 2023 to 61% from 93.4% in 2022. The number of qualifying male colleagues reduced by 32 ppts whereas qualifying female colleagues had a lower reduction of 14 ppts.

The number of employees receiving zero bonus increased by over 500 colleagues year on year with the proportion of male colleagues receiving zero bonus higher than females versus 2022.

GENDER PAY GAP REPORT

2023 CONTINUED

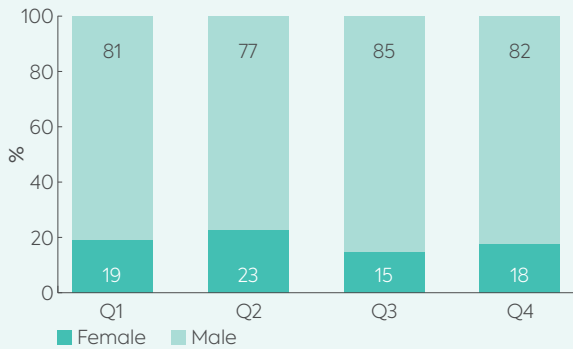
Proportion of men and women in each pay quartile

The chart below shows the female to male ratio in each pay quartile, lowest (Q1) to highest (Q4).

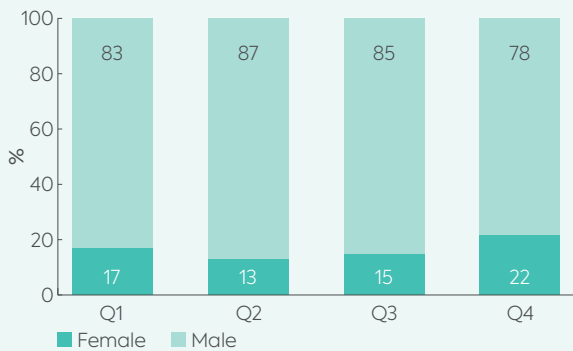
Year on year the overall mix of female colleagues at the Lower quartile has reduced by 5ppts and the proportion of female colleagues in the Upper quartile has increased by 5ppts which has in turn increased the mean hourly rate by £1.19 per hour.

This compares to a £0.65 per hour increase in the mean hourly rate for male colleagues.

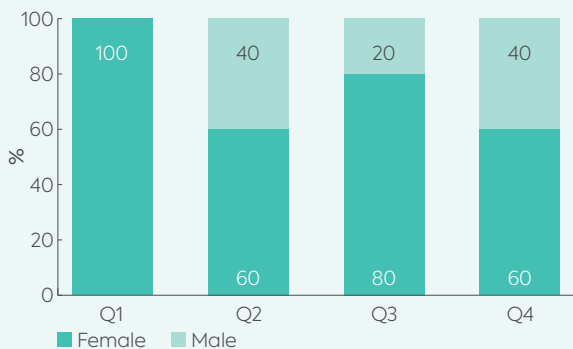
HFD female to male ratio



MCD female to male ratio



PLC female to male ratio



Summary

For the first time since gender pay gap reporting commenced at Headlam we have seen a mean pay gap in favour of females. This results from the increase in the number of females at a senior leadership level whilst the overall proportion of females to males has remained at 19% of the workforce. Whilst this is encouraging, there is still work to be done to ensure we attract females into our business in a flooring industry that is male dominated. Successfully increasing the number of females employed at all levels of the organisation may well swing the mean gender pay gap back in favour of males but will prime the pipeline of internal female talent and reduce the requirement to find female leaders externally.





Focus areas

One of the business's 5 key focus areas is to make Headlam a great place to work for everyone. This will enable us to build upon our position as the leading, most trusted experts in flooring and attract talented and passionate people looking for fulfilling careers.

In 2023 we created the first Inclusion and Wellbeing strategy for Headlam, working closely with Business In the Community (BITC) for advice, support and challenge. Year 1 on the strategy focused on getting the foundations in place for a truly inclusive culture and included the following actions:

Building Diversity and Inclusion Expertise

- A Diversity and Inclusion specialist has been recruited to the business and is accountable for helping business leaders to create an inclusive workplace through working practices, establish wellbeing resources for the workforce, oversee recruitment, and help to build partnerships with our local communities.
- An Executive sponsor has been appointed to champion Inclusion and galvanise support from across the business
- The Executive have received training on their role in creating an inclusive workplace from BITC.
- Inclusion training has been included throughout the newly designed 'Lead the Way' leadership programmes at both first line manager and senior leadership level.

Recruitment

Having historically been managed locally at site level, central recruitment oversight has been a big focus for the business in 2023. The following steps have been taken to improve inclusive recruitment practices:

- The recruitment policy has been independently reviewed by BITC to ensure it is inclusive.
- Role profiles have been reviewed by a recruitment partner to check for inclusive language
- Interview questions for our most frequently recruited roles have been reviewed and standardised.
- A new recruitment website is in development to ensure that we appeal to candidates from a broader range of backgrounds who have the required skills for our roles.
- We are working with agencies to challenge them to provide gender and ethnicity balanced candidate long and short lists. This has helped us to increase the number of female senior hires.

Reward

- An equal pay audit has been conducted internally and a small number of recommendations has been actioned as part of the pay review process. This will be completed annually as the first step in the annual pay review cycle.
- A broader set of pay benchmark data is now being used to enable us to benchmark against other industries where we are typically recruiting females and where they have a greater representation.

Colleague Engagement

- Our CEO continues to hold open forums in every site to speak directly to colleagues about any and all issues that may be relevant to them. These forums are attended by a diverse set of colleagues at all levels of our local businesses.
- 2023 has seen a refreshed approach to Employee Forums which has the CEO, Chief People & Sustainability Officer and one of our Non-Executive Directors, Karen Hubbard, in attendance with colleague representation across geographies, levels and disciplines. There is a high level of representation of females in the forum, including a female Executive Member and a female Non-Executive Director. Topics range from policy development, business updates, colleague engagement, process improvements, reward and project updates.
- An externally facilitated colleague engagement survey was conducted in September 2023. We are able to view the results through a variety of different lenses, including by gender. 79% of females completed the survey and the engagement score was 3% higher for female colleagues than for their male colleagues. Whilst they scored more positively than males on most topics covered in the survey there were two in particular where the survey identifies areas for improvement which will disproportionately benefit the engagement of female colleagues; the opportunity for career progression and local, site-based communication.
- 81% of colleagues told us that they feel able to be themselves at work in our September 2023 engagement survey.

Development

- In 2023 a leadership development programme has been designed and roll out commenced in 2024. All leaders are eligible to enrol for this programme and it will include topics spanning a range of leadership skills including how best to support colleagues with their development and achieve their career aspirations.
- Work is ongoing to design the Headlam future leaders programme for colleagues who have the behaviours and drive to become a leader, or move from a first line leader to a senior leader. This programme will have an inclusive assessment criteria to ensure that we develop a diverse leadership pipeline.
- We will continue to support apprenticeships in our driver and warehouse roles as demand requires. In 2023 we have been proud to support our first female HGV apprentice pass her Class 1 driver assessment.







headlam

HEADLAM GROUP PLC

PO Box 1
Gorse Lane
Coleshill
Birmingham
B46 1LW
UK

T: 01675 433 000

F: 01675 433 030

E: headlamgroup@headlam.com

S N: B46 1JU

www.headlam.com

Company number: 00460129