

Gender Pay Gap Report 2019

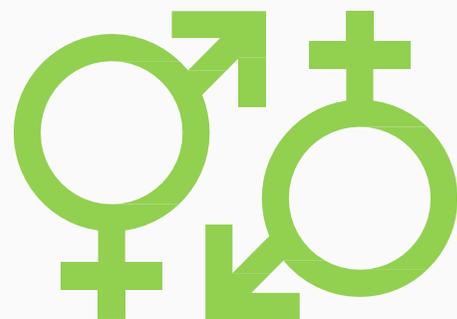
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INTRODUCTION



Paul Jenkins CEO



Diversity and Inclusion continues to be very important to the Wescot Board and is a core objective for senior management. As a result **I am pleased to confirm that men and women who carry out similar or the same roles are paid equally** when variations in experience, skills and performance are taken into account.

We identified last year the need to continue to place focus on increasing the proportion of women in senior roles to align to the male/female ratio seen across the business as a whole. This has been successful and whilst the overall proportion of our colleagues that are woman has remained stable, with **58% of our colleagues female in both 2019 and 2018, the proportion of females in senior roles has increased from 53% to 56%.**

This is a positive movement, but there does remain a lower proportion of women in the upper two earning quartiles than in the lower two quartiles (57% vs 60%), which continues to result in a **Mean Gender Pay Gap of 13.1% in 2019, although this is lower than the 14.5% reported in 2018.**

However, the changing profile has increased the mid-point salary for women and this has resulted in the **Median Gender Pay Gap demonstrating a 14.7% gap in favour of women in 2019, as compared to there being no gap in 2018.**

The proportion of both females and males who received a bonus has remained broadly stable, with **38% of females and 33% of males receiving a bonus in the year to April 2019.** This reflects the inclusive eligibility and consistency of application of bonus schemes across the business.

Last year I reported that there continued to be a need to ensure that unconscious gender bias in the organisation is addressed and that we encourage and support the development and recruitment of talented females in our business. In response to this concern we implemented a company wide training programme for management to highlight this issue and to target the benefits of increased diversity.

I believe that this focus on diversity and inclusion has driven the continued progress to increase the proportion of women in senior roles and to address the issue of Gender Pay Gaps. As such we are committed to work towards further education and improvement in 2020.



CEO
Wescot

DEFINITION

MEDIAN GENDER HOURLY RATE OF PAY



MEDIAN

The Median Gender Pay Gap shows the difference in the median (mid-point) hourly rate of pay between males and females over the measurement period.

The median hourly rate is worked out by ranking the hourly rates of employees from low to high and identifying the mid point within the rank (male and females separately).

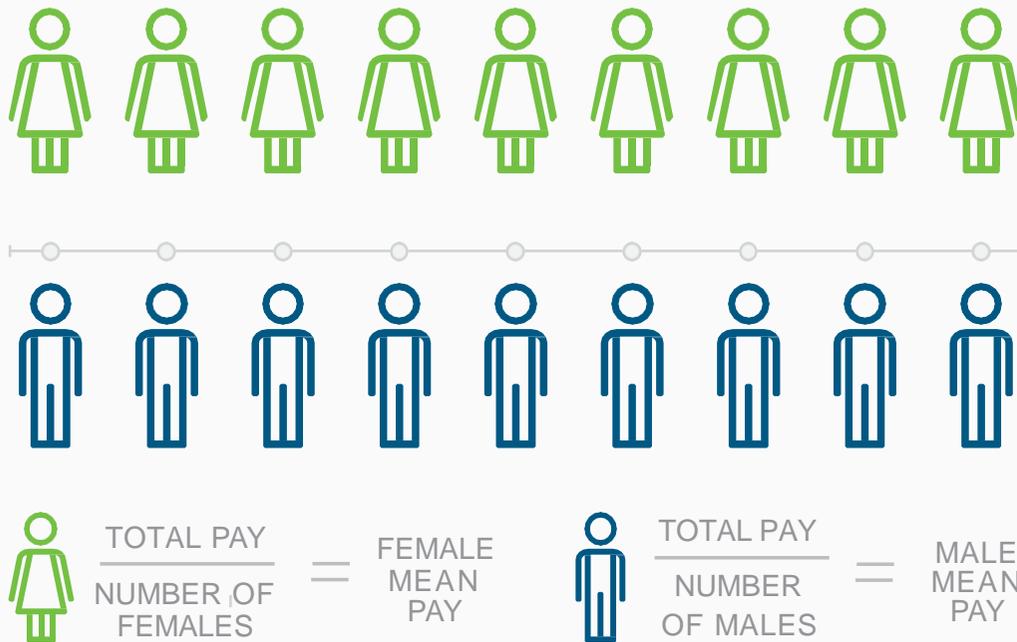
The Median Gender Pay Gap is the female median hourly rate subtracted from the male median hourly rate, divided by the male median hourly rate, multiplied by 100.

It is important to note that gender pay gap is different to equal pay. Equal pay looks at the difference in pay between males and females carrying out the same or similar roles.

'Pay' incorporates money payments received during the measurement period, which is the pay period in which the 5th April 2019 falls, including any bonuses related to that period.

DEFINITION

MEAN GENDER HOURLY RATE OF PAY



It is important to note that gender pay gap is different to equal pay. Equal pay looks at the difference in pay between males and females carrying out the same or similar roles.

MEAN

The Mean Gender Pay Gap shows the difference in the mean (average) hourly rate of pay between males and females over the measurement period.

The mean hourly rate of pay is worked out by adding the hourly rates of pay for all employees and dividing by the number of employees (male and females separately).

The Mean Gender Pay Gap is the female mean hourly rate subtracted from the male mean hourly rate, divided by the male mean hourly rate, multiplied by 100.

'Pay' incorporates money payments received during the measurement period, which is the pay period in which the 5th April 2019 falls, including any bonuses related to that period.

DEFINITION

GENDER BONUS GAP

$$\left(\left(\underset{\text{Male}}{\pounds XX} - \underset{\text{Female}}{\pounds XX} \right) \div \underset{\text{Male}}{\pounds XX} \right) \times 100 = \mathbf{XX\%}$$



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GENDER BONUS GAP

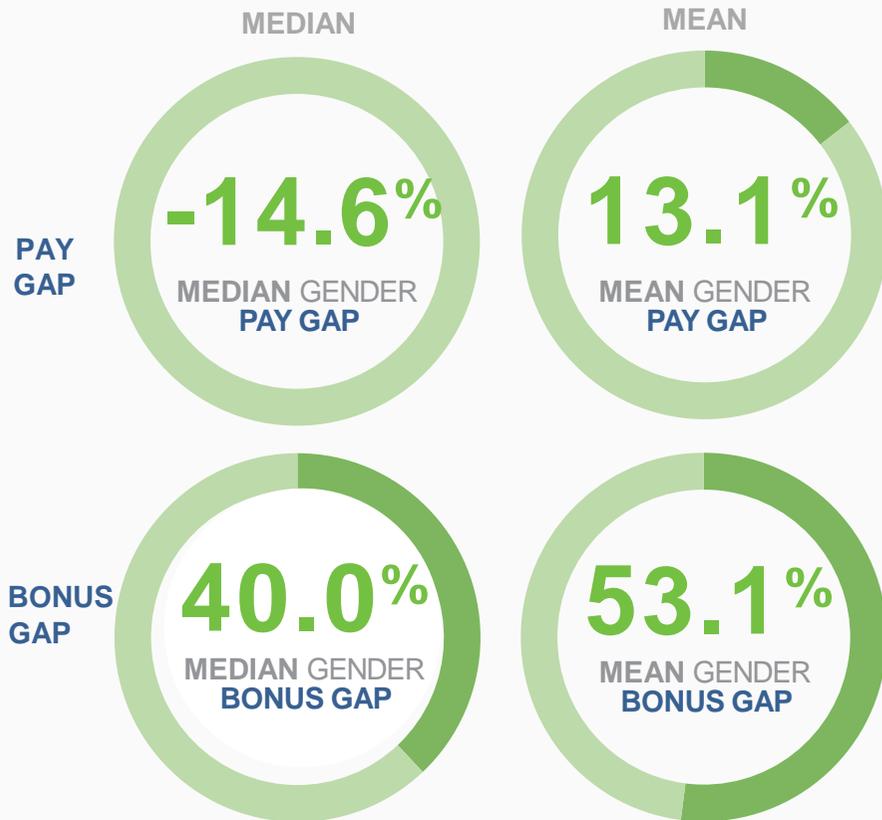
The Gender Bonus Gap compares the average bonus paid to females receiving a bonus to the average bonus paid to males receiving a bonus.

The Median Gender Bonus Gap is the female median bonus subtracted from the male median bonus, divided by the male median bonus, multiplied by 100.

The Mean Gender Bonus Gap is the female mean bonus subtracted from the male mean bonus, divided by the male mean bonus, multiplied by 100.

‘Bonus’ incorporates bonus payments in cash or other financial assets received across the ‘measurement period’, which is the 12 months prior to the pay period in which the 5th April 2019 falls.

GENDER PAY & BONUS GAP



Why is the Gender Bonus Gap higher than the Gender Pay Gap?

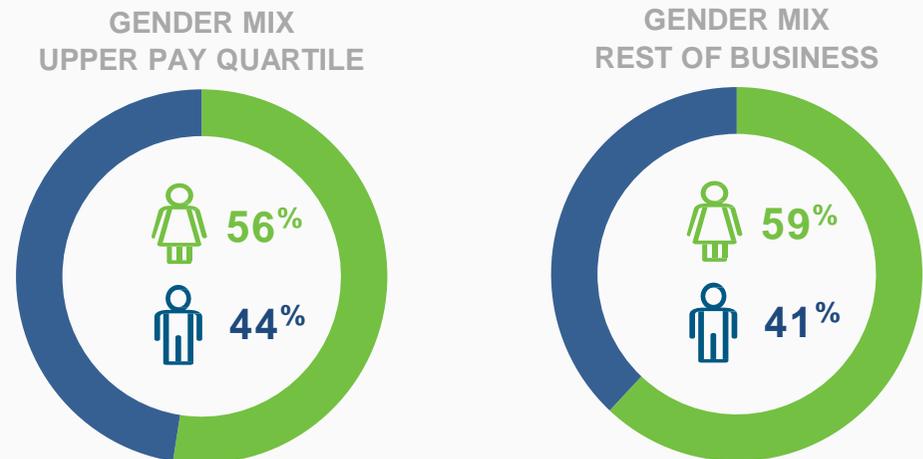
Bonus payments increase by seniority of role and are pro-rated for part time hours. Therefore, the Gender Bonus Gap increases compared to the Gender Pay Gap, reflecting that the proportion of males increases in senior roles and that a higher proportion of females are part time.

Why is the Mean Gender Gap higher than the Median Gender Gap?

The Mean (average) as a calculation is more sensitive to the profile of males and females in senior positions than the Median (mid-point), which is more reflective of the 'typical' situation as it is based on a rank of employees. This leads to a lower result.

WHY?

The median gender pay gap is negative, meaning that the mid-ranked female earns 14.6% more than the mid-ranked male. However, as the proportion of females in the upper pay quartile is lower than across the business as whole there is still a mean gender pay and bonus gap.



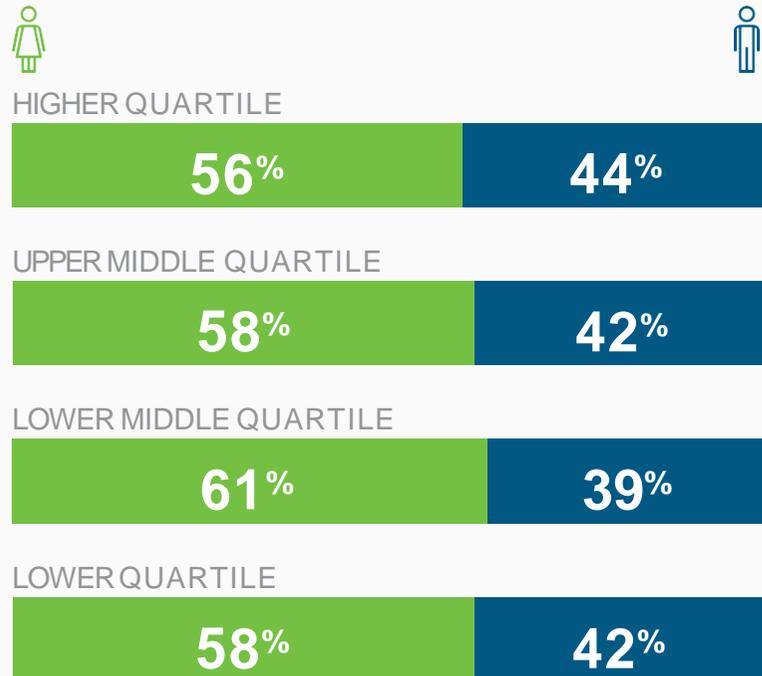
We can confirm men and women who carry out similar or the same roles are paid equally when variations in experience, skills and performance are taken into account.

GENDER MIX

OVERALL GENDER MIX



GENDER IN EACH PAY QUARTILE

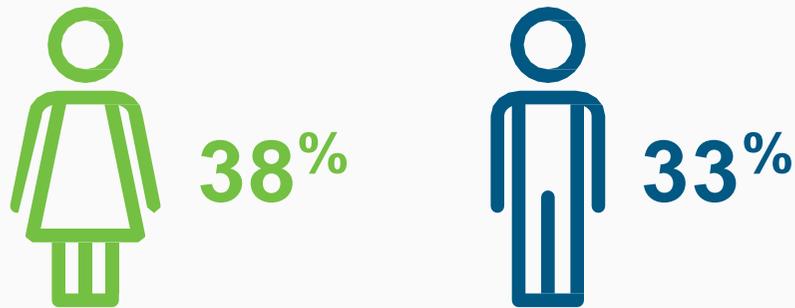


Whilst the overall gender mix is 58% females and 42% males, the proportion of females is not as high in the Higher Quartile of pay than the average across the other Quartiles.

Employees have been sorted based on pay from the lowest to the highest and then split into quartiles.

We can confirm men and women who carry out similar or the same roles are paid equally when variations in experience, skills and performance are taken into account.

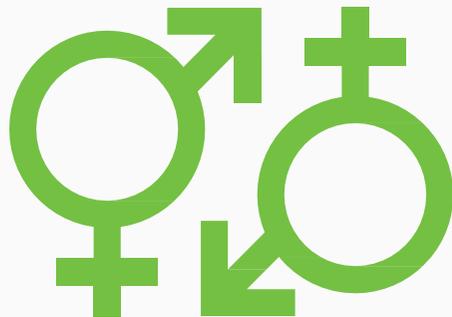
GENDER MIX OF THOSE RECEIVING A BONUS



The proportion of females and males who received a bonus in Wescot is females 38% and males 33%.

This equality reflects the fairness we have in eligibility for bonus and performance assessment.

The measurement period is the 12 months ending 5th April 2019.



We can confirm men and women who carry out similar or the same roles are paid equally when variations in experience, skills and performance are taken into account.

CONCLUSION

We can confirm that men and women who carry out similar or the same roles are paid equally, when variations in experience, skills and performance are taken into account, and are proud that we are addressing the gender pay gaps that do arise from a lower profile of women in senior roles than across the business as a whole.

Whilst we have a good overall gender balance (58% females v 42% males), we recognise that despite good progress the gender balance in more senior roles is still less weighted to females. This difference has reduced, with the proportion of females in the upper pay quartile increasing to 56%, but there is still a Mean Gender Pay Gap of 13.1% in 2019 vs 14.5% in 2018.

We therefore remain committed to improving the proportion of females in managerial positions and specialist roles wherever possible, to reflect the overall profile of females across the business.

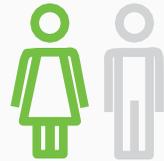
Business practice which supports fairness

- All managers have undertaken diversity and inclusion training to increase awareness of the possibility of unconscious bias in recruitment and ongoing people management.
- Recruitment is based on competency, with our focus on finding the best person for a role regardless of their gender, with specific focus to question short-lists for any senior roles that include no women.
- Our robust performance appraisal process is in place across the business to ensure that this is a fair and balanced assessment, supported by manager training and appraisal moderation.
- All remuneration packages are linked to job family groupings, to ensure that they appropriately reflect responsibilities and required skill sets.
- All employees are eligible to participate in a bonus scheme, with the schemes in place aligned to the roles undertaken and subject to moderation review to manage any risk of unconscious bias.
- There is equal access to the training and development, regardless of gender.

OUR COMMITMENTS Progress against our initiatives to improve gender balance in our organisation :

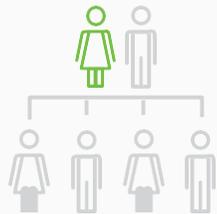
A number of areas of focus were identified last year where we committed to look to take tangible actions to enable us to achieve our shared goal of improving the gender mix in senior positions and in specialist technical functions.

Progress in these areas and key areas of focus for 2020 are noted



Making the most of female talent

- **Target:** We aimed for female participation on Management Development or Apprentice programmes to be reflective of the gender profile in the business as a whole, aiming for a 50:50 gender mix in our internal and external succession plans for senior roles.
- **Update:** Participation in development programmes has continued to be encouraged and is reflective of gender mix in the business, whilst female appointments to senior roles continue to be supported with the proportion of females in the Higher Quartile increasing and now close to the proportion of females across the business as a whole. Focus is on alignment of these ratios.



Inspire & support women

- **Target:** We planned to share stories of success for women and to work with the group to develop an internal female mentorship programme, whilst working with our group colleagues at Cabot to increase female participation in the Cabot Group Exec forum.
- **Update:** Female participation in the Cabot Group Exec forum has increased, with equal male and female representation from Wescot.



Challenge behaviours

- **Target:** We targeted an incorporation into management training of a focus on unconscious bias, to limit the risk of this occurring.
- **Update:** Diversity and inclusion training has been rolled out across all managers within the business, with positive feedback. Ongoing updates are now incorporated into our training programme.



Measure & reward progress

- **Target:** Reporting on gender diversity and inclusion metrics would be promoted and gender diversity goals incorporated into senior management objectives.
- **Update:** Diversity targets were included across the Cabot group in the senior management scorecard for 2019 and specific diversity and inclusion questions were incorporated into the annual colleague survey.

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