

Gender Pay Gap Report as at April 2017

ABOUT US

With over 175 years' trading experience, the Howarth Timber Group has grown to provide not only the widest range of products, but expertise, service and knowledge you can rely on. Now the UK's largest privately-owned timber company, our origins can be traced back to 1840 when we commenced trading as Hudson & Co. Over the years the Howarth Timber Group has expanded from a one man company to an employer of more than 1,000 people specialists who know the industry inside out.

Today, the Howarth Timber Group encompasses a network of 31 timber and builders' merchant branches geographically spread across the country, complemented by dedicated manufacturing divisions supplying class-leading windows and doors and highly specialist timber engineering products and services.

WHY ARE WE DOING THIS?

For the first time, UK companies with over 250 employees are required to publicly report on their gender pay gap under new legislation that was introduced April 2017. The legislation requires us to report our mean and median pay gap, bonus mean and median pay gap, the percentage of male and female employees who received a bonus payment and the percentage of males and females in each quartile.

The results are for one of the Group subsidiary companies, Howarth Timber & Building Supplies, employing around half the total workforce.

UNDERSTANDING GENDER PAY GAP REPORTING

What is the difference between equal pay and a gender pay gap?

A gender pay gap is different from equal pay.

Equal pay is paying males and females equally for like work, work of equal value and work rated as equivalent. There has been legislation outlining equal pay obligations in the UK for nearly 50 years.

A gender pay gap looks at the differences in pay between genders across groups of employees irrespective of the work they perform. One of the main reasons for the gender pay gap in our society is that men are statistically more likely to be in senior roles.

How are the median and mean pay gaps calculated?

The median is the middle point of a range of numbers and the mean is the average of a range of numbers. How do we calculate this for gender pay gap reporting?

Median pay gap – If all our male colleagues stood in a line in order of lowest hourly rate earned to highest and all females did the same, the median pay gap (as a percentage) is the difference in pay between the middle colleague on the male line and the middle colleague on the female line.

Mean pay gap – If we add together all the hourly rates of male colleagues and calculate the average and do the same for female colleagues, the mean pay gap (as a percentage) is the difference in pay between the average male and female hourly rate.

How is the bonus gap calculated?

The mean and median bonus gaps are calculated in the same way as the gender pay gaps. However, this time we use the actual bonus paid to colleagues. We also report the number of male and female colleagues receiving a bonus (as a percentage of the total male and female population).

How are the pay quartiles calculated?

Pay quartiles are calculated by dividing all hourly rates paid across the business, from lowest to highest, into four equal sized groups of colleagues and calculating the percentage of males and females in each.

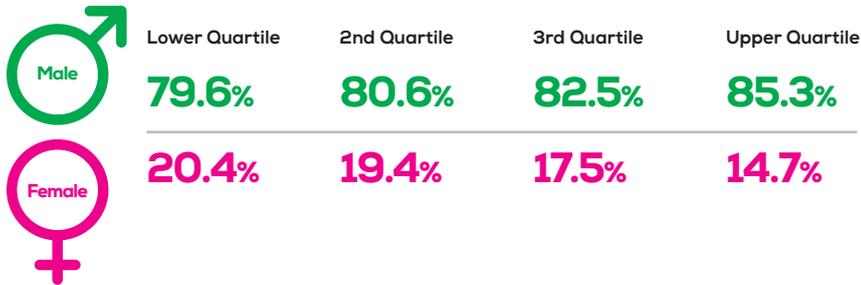
OUR 2017 RESULTS

Percentages of all our male and female colleagues:



PAY QUANTILES

Percentages of all our male and female colleagues:



GENDER PAY GAP

MEDIAN
PAY GAP

2.0%

MEAN
PAY GAP

8.7%

GENDER BONUS GAP

MEDIAN
BONUS GAP

-32.3%

MEAN
BONUS GAP

67.8%

The median national average pay gap is 18.4%. The mean national average pay gap is 17.4% based on estimates from the Office of National Statistics' Annual Survey of Hours and Earnings 2017.

We believe the main reason for our gender pay gap is the structure of our workforce with more females than males who work in our lower paid roles across the organisation such as administration rather than sales. Typically, our female workforce, work part time as they require more flexibility to work around childcare arrangements. This can lead to a higher gender pay gap. Furthermore, due to the nature of the business and the sector it falls within, women are underrepresented in the construction sector as this is a traditionally a male dominated environment. Our pay ranges differ by location as well as job level. Where there are variations in market rates of pay between job levels and locations, this can contribute to the gender pay gap.

67.7% of males and 51.4% of females received a bonus. The negative median bonus can be attributed to our female colleagues who are in sales roles and achieving excellent results. The mean bonus gap can be attributed to the high representation of men across our branch network. It is here that the potential to earn a higher bonus lies within the management roles. We still have work to do in this area to attract more women into our branches and into more senior positions to reduce this gap. Much of this is driven by legacy issues around the types of work done by men and women in our organisation.

WHAT WILL WE DO TO ADDRESS OUR GENDER PAY GAP?

- Review our recruitment policy to attract additional female employees to the organisation
- Review our management trainee programme to attract and develop female employees into our future branch management roles
- Review of our maternity and paternity policy and procedures to attract and retain staff and support working families
- Review of our flexible working policy and processes to make it clear that employees in all areas and levels of the organisation will be considered for flexible working regardless of their role and level of seniority, and that flexible working need not be limited to part-time working.
- Utilise the apprenticeship levy to enhance our current employee's skills set through committed training and development programmes as well as training new employees.

Howarth Timber Group is committed to reporting on an annual basis on what it is doing to reduce the gender pay gap and the progress it is making.

I confirm that the information contained within this report is accurate.



Jason Sinclair
Finance Director