

Gender Pay Gap Report as at April 2020

ABOUT US

Howarth Timber Group encompasses a network of 33 timber and builders' merchant branches geographically spread across the country trading as Howarth Timber & Building Supplies.

GENDER PAY GAP REQUIREMENTS?

All UK companies with over 250 employees are required to report their gender pay gap on an annual basis. This is a measure of the difference between all males' and females' average pay across the organisation.

This report is for one of the Group subsidiary companies, Howarth Timber & Building Supplies which employs over 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).

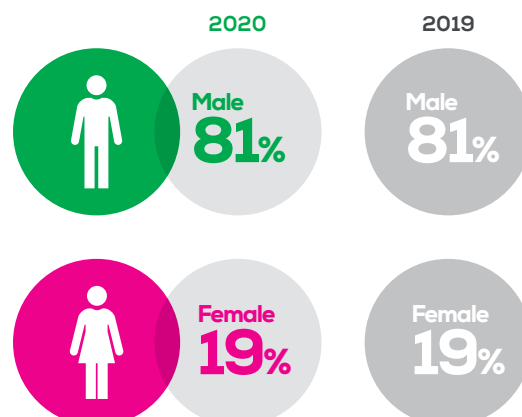
How are the pay quartiles calculated?

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 2020 RESULTS

The 2020 results are based on data for the year to 5 April 2020 and data as at that date. As of 5 April 2020, the majority of employees were on furlough as a result of the first national lockdown in relation to the Covid 19 pandemic.



Percentages of all our male and female colleagues:



The business has a high representation of men, given the sector in which we operate.

PAY QUANTILES

Percentages of all our male and female colleagues:

| | | Lower | Lower Middle | Upper Middle | Upper |
|--|-------------|--------------|--------------|--------------|--------------|
|  Male | 2020 | 75.6% | 83.9% | 80.7% | 79.7% |
| | 2019 | 81.1% | 83.8% | 80.2% | 78.4% |
|  Female | 2020 | 24.4% | 16.1% | 19.3% | 20.3% |
| | 2019 | 18.9% | 16.2% | 19.8% | 21.6% |

The above shows some movement between quartiles, with increases in female representation in the lower quartile.

GENDER PAY GAP

| 2020 | | 2019 | |
|----------------|--------------|----------------|--------------|
| MEDIAN PAY GAP | MEAN PAY GAP | MEDIAN PAY GAP | MEAN PAY GAP |
| 0.2% | 3.8% | -2.6% | 2.8% |

As reported last year, we believe there are a number of factors impacting our gender pay gap being:

- 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 management roles.
- A higher proportion of our female workforce work part time as they require more flexibility to work around childcare arrangements.
- 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.

BONUS PAY GAP

| 2020 | | 2019 | |
|------------------|----------------|------------------|----------------|
| MEDIAN BONUS GAP | MEAN BONUS GAP | MEDIAN BONUS GAP | MEAN BONUS GAP |
| -22.5% | 20.6% | 11.0% | 47.3% |

79.7% of males and 80% of females received a bonus (2019 83.8% and 83.5% respectively). The bonus gap can be attributed to the high representation of men across our branch network, and in particular in management and senior sales roles, where the potential to earn a bonus is substantially greater than in administration roles which typically have a higher female representation. Much of this is driven by legacy issues around the types of work done by men and women in our organisation and 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.

WHAT WE ARE DOING TO ADDRESS OUR GENDER PAY GAP?

We operate in a predominantly male industry and this is unlikely to change in the short to medium term, however as a business we need to continue to work towards attracting more women into our branches and more senior roles to reduce the gender pay gap. We will do this by:

- Ensure our recruitment policy continually develops to attract additional female employees to the organisation.
- Ensure our management trainee programmes attract female employees so they can develop into our future branch management and senior positions. The current Leadership course has 25% female participants, up from 19% in the prior year.
- By continuing to support and invest in our workforce on an individual, case by case basis, by supporting internal progression through the funding of external professional qualification and vocational courses.
- Mentoring programme in place for individuals on the management training programme to assist with a transition to more senior roles.
- Continue to 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.

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.

Allister Turner
Finance Director