

Marshalls plc – Gender Pay Gap Statement

March 2021

Gender pay versus Equal Pay

While Marshalls has a duty to report on the gender pay gap - the difference between the average hourly pay of women compared to the average hourly pay of men – it's something that we embrace as we are wholly committed to promoting equality and preventing discrimination at work, especially when it comes to pay. However, gender pay and equal pay are not the same.

Gender pay is the difference between the gross hourly earnings for all men and the gross hourly earnings for all women, irrespective of their role or seniority, and expressed as a percentage of men's earnings. It therefore captures any pay differences between men and women on an organisational level.

Equal Pay is where a man and a woman are paid the same for like-for-like work, or work rated as equivalent of equal value. Equal pay issues occur when one person (usually women) are paid less for carrying out the same or a similar job than the other.

Whilst both measures share the same broad objective of eliminating sex discrimination in relation to pay, the two are frequently confused. The intention behind equal pay is to ensure that men and women are not paid differently for doing the same or similar work, but this on its own does not prevent a gender pay gap. Gender pay gaps generally exist where the majority of men are in higher paid roles and the majority of women are in lower paid roles.

Gender balance and pay

On the snapshot date of 5 April 2020 the Group's total UK workforce comprised of 2,659 employees with the following gender balance:

	Male	Female
Total Workforce	2236	423
Senior Managers**	5	2
Directors*	4	3

*Directors includes NEDs, CEO and CFO

**Senior Managers comprises of Exec Committee and Company Secretary

Our gender pay gap disclosure is based on amounts paid in the April 2020 payroll [for UK employees]. The Gender Bonus Gap is based on incentives paid in the year to 31st March 2020. Our disclosures are made pursuant to UK Government Equalities legislation. The two main employer entities in the Group during 2020 were Marshalls Group Limited, which employs the vast majority of remaining employees and Marshalls plc (which has fewer than 250 employees, mostly at Director / Senior Manager Level).

The Overall figures shown in table two below are the combined results for Marshalls Group Limited,

Marshalls plc and Edenhall Holdings Ltd. The Marshalls Group acquired Edenhall Holdings Ltd in December 2018 and its employees remained employed by that group until 1 July 2019. As the total workforce within Edenhall is less than 250 employees, there was no previous requirement to disclose gender pay differences. Former Edenhall employees, having transferred to Marshalls Group Ltd in 2019, are therefore included in the disclosed results for Marshalls Group Ltd, but shown separately for comparison purposes below.

Table 2	Mean Gender Pay Gap		Median Gender Pay Gap	
	Mean Gender Pay Gap	Median Gender Pay Gap	Mean Gender Pay Gap	Median Gender Pay Gap
Marshalls Group Ltd	15.9%	22.7%		
Marshalls plc	23.7%	40.6%		
CPM	18.3%	17.4%		
Edenhall	-4.5%	-13.1%		
Overall	3.2%	20.1%		

In the previous 12 months, the overall mean gender pay gap has reduced by 1.1% to 3.2%. This reduction is partly reflected by the appointment of an additional female Non-Executive Director to the board. Whereas the median gender pay gap has widened by 3.0% indicating that overall the pay for females is not keeping pace with that of males.

The gender split is showing a marginal improvement from the previous year (female workers at 15.4% compared to 16.0%) signalling that more women are joining the business, however this low ratio is typical of the manufacturing and construction sector generally.

Table 3 shows the proportion of men and women in each of the four pay quartiles. These figures are broadly similar to the previous year in that approximately 31% of people paid in the lower quartile are women, who conversely make up less than 13% of people paid in the upper quartile. There has been a positive 2% increase in the number of women paid in the upper middle quartile compared to the previous year, however the two lower quartiles both reflect and adverse change in relation to the proportion of women.

Table 3	Upper Quartile		Upper Middle Quartile		Lower Middle Quartile		Lower Quartile	
	Male	Female	Male	Female	Male	Female	Male	Female
Marshalls Group Ltd	90.4%	9.6%	94.7%	5.3%	90.6%	9.4%	70.7%	29.3%
Marshalls plc	70.2%	29.8%	63.0%	37.0%	51.1%	48.9%	23.9%	76.1%
CPM	91.9%	8.1%	98.8%	1.2%	94.1%	5.9%	71.8%	28.2%
Edenhall	79.1%	20.9%	76.2%	23.8%	7.1%	87.9%	69.1%	30.9%
Overall	87.2%	12.8%	93.4%	6.6%	87.9%	12.1%	69.1%	30.9%

Bonus Gender Pay Gap

Both the mean and median bonus gender pay gap have seen an improvement from the previous year. The overall mean Bonus Gender Pay Gap has narrowed to 54% from 71.4% the previous year. Whereas the median measure has almost halved to 21.8% from 67% in the previous year.

Table 4

	Mean Bonus Gender Pay Gap	Median Bonus Gender Pay Gap
Marshalls Group Ltd	65.2%	25.1%
Marshalls plc	73.6%	11.6%
CPM	39.2%	51.3%
Edenhall	-45.3%	8.2%
Overall	54.0%	21.8%

The proportion of women receiving a bonus has reduced from 41.6% to 36.2%. The largest contributor to this reduction was in CPM, which has changed from 97.4% of women receiving a bonus last year to 68.4% this year. Prior to transitioning fully into Marshalls, CPM operated a business performance related 'Annual Staff Bonus Scheme' for colleagues not working in a production role (production based colleagues received a monthly productivity bonus scheme). There are a higher proportion of women working in these non-production areas, which subsequently results in proportionally more women not receiving a bonus when performance targets are not achieved.

Table 5

	Proportion Receiving a Bonus	Proportion Receiving a Bonus
	Male	Female
Marshalls Group Ltd	15.3%	32.5%
Marshalls plc	37.1%	15.2%
CPM	92.4%	68.4%
Edenhall	100%	100%
Overall	32.4%	36.2%

Note: During this period the UK was in the midst of the Covid-19 pandemic and most of the UK had entered the first period of lockdown, which had a profound and direct effect on many UK businesses. Marshalls was no exception and in April 2020, over three quarters of the UK workforce was placed on Furlough. To support furloughed employees the government introduced the Coronavirus Job Retention Scheme (CJRS) wage support measure, designed to protect jobs in the wake of the pandemic. The scheme allowed employers to reclaim up to 80% of the wage costs of furloughed employees up to a cap of £2,500 per month per employee. At this time Marshalls took the decision to 'top up' furloughed employees pay up to 100% of their normal pay. For variable paid workers (who are predominantly male workers in Production, Engineering and Logistics) this was based on their average earnings from the previous year, which was invariably higher than it would have been in April 2020. These exceptional circumstances taking place on and around the gender pay snapshot date will no doubt have had an influence on the average hourly rates for these group of people and subsequently the gender pay gap itself.