GENDER PAY GAP
2018
KRM
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WHAT IS THE LEGISLATION?

Under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, all companies in England, Scotland and Wales, with over 250 employees are required to report annually on their gender pay gap.

Employers must publish six metrics each year on the 'snap shot' date in respect of their Gender Pay Gap report and the six metrics, as set out in the Regulations, are as follows:

1. the difference in the mean hourly rate of pay between male and female full-pay relevant employees
2. the difference in the median hourly rate of pay between male and female full-pay relevant employees
3. the proportions of male and female full-pay relevant employees in each of the four quartile pay bands
4. the difference in mean bonus pay between male and female relevant employees
5. the difference in median bonus pay between male and female relevant employees; and the proportions of male and female relevant employees who received bonus pay
6. Employers must express each metric listed above as a percentage figure.

WHAT DOES THE GENDER PAY GAP MEAN?

The gender pay gap is a high-level snap-shot of pay within an organisation and shows the difference in the average pay between all men and women in a workforce.

Across the UK economy as a whole, men are more likely than women to be in senior roles (especially very senior roles at the top of organisations), while women are more likely than men to be in front-line roles at the lower end of the organisation. In addition, women are also more likely than men to have had breaks from work that have affected their career progression, for example to bring up children. They are also more likely to work part time, and many of the jobs that are available across the UK on a part-time basis are relatively low paid.

If a workforce has a particularly large gender pay gap, this can indicate there may be areas of focus to address, and the individual calculations may help to identify what those issues are.
OUR GENDER PAY AND BONUS GAP FIGURES

KRM is required by law to publish an annual gender pay gap report.

This is its report for the snapshot date of 5 April 2018.

The mean gender pay gap for KRM is 11.7%
The median gender pay gap for KRM is 0.7%
The mean gender bonus gap for KRM is 45.5%
The median gender bonus gap for KRM is 35.8%

The proportion of male employees in KRM receiving a bonus is 68.7% and the proportion of female employees receiving a bonus is 79.5%.

<table>
<thead>
<tr>
<th>Band</th>
<th>Males</th>
<th>Females</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>17.5%</td>
<td>82.5%</td>
<td>Includes all employees whose standard hourly rate places them at or below the lower quartile</td>
</tr>
<tr>
<td>B</td>
<td>30.2%</td>
<td>69.8%</td>
<td>Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median</td>
</tr>
<tr>
<td>C</td>
<td>24.7%</td>
<td>75.3%</td>
<td>Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile</td>
</tr>
<tr>
<td>D</td>
<td>29.9%</td>
<td>70.1%</td>
<td>Includes all employees whose standard hourly rate places them above the upper quartile</td>
</tr>
</tbody>
</table>
KRM DEMOGRAPHICS

KRM (GB) Ltd employed 387 members of staff on the snapshot date and as the below charts show, our workforce is primarily women.

We also know that within our Retail and Head Office population, that within our Retail business the workforce is mostly female whereas in Head Office the workforce is predominantly men.

The pattern from the UK economy as a whole, that men are more likely than women to be in senior roles, while women are more likely than men to be in front-line roles at the lower end of the organization, is reflected in the table depicting pay quartiles by gender. It shows KRM's workforce divided into four equal-sized groups based on hourly pay rates, with Band A including the lowest-paid 25% of employees (the lower quartile) and Band D covering the highest-paid 25% (the upper quartile).

In order for there to be no gender pay gap, there would need to be an equal ratio of men to women in each Band. However, within KRM, 82.5% of the employees in Band A are women and 17.5% men. The percentage of male employees increases throughout the remaining Bands, from 30.2% in Band B to 24.7% in Band C and finally 29.9% in Band D.
WHAT DO THE KRM RESULTS TELL US?

Under the law, men and women must receive equal pay for:

- the same or broadly similar work;
- work rated as equivalent under a job evaluation scheme; or
- work of equal value.

KRM is committed to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. It has a clear policy of paying employees equally for the same or equivalent work, regardless of their sex (or any other characteristic set out above). As such, it carries out pay and benefits audits at regular intervals.

KRM is therefore confident that its gender pay gap does not stem from paying men and women differently for the same or equivalent work. Rather its gender pay gap is the result of the roles in which men and women work within the organisation and the salaries that these roles attract.

Within KRM the gender pay results have given us the following insights:

- As only 26% of our workforce is male, a small group of higher paid male senior management, has had a significant impact on overall average pay for our male population, distorting the results.

- This is further reinforced by the fact that, if we exclude our London Head office population from the results, our mean gender pay gap within KRM falls to 2.3%.

- Our median gender pay gap at 0.7% is reflective of the fact that the majority of our workforce, both men and women, are retail based, hourly paid staff, and subject to the same standardized rates of pay across stores and region.

- The mean bonus gender pay gap and median bonus gender pay gap reflect similar characteristics of the business as those already described. As KRM has more males as either store managers, or senior managers in the business, their higher salaries reflect a higher bonus cash value. All bonuses are standardised to a set percentage of staff member’s salary for all employees; no senior staff receive a higher percentage.

- The change in last year on the mean and median gender pay gap is due to central management now being eligible for bonus payments; these members of staff were all new last year and had no recorded bonus payments, due to the relocation of KRM’s Head Office. This year they were all eligible.
HOW WE INTEND TO IMPROVE THE GENDER PAY GAP

As part of our drive to encourage more women into senior roles, we have an inclusive internal talent process, which during 2018, has identified a number of both male and female colleagues as talent for future senior roles. We believe this will have a positive impact on the ratio of men and women in senior roles and early this year have already seen a number of female colleagues promoted into senior management positions.

Centrally we are also introducing a new 2019 enhanced program accessible to all our retail store managers. Managers will be able to apply for the opportunity to travel to our site in Portugal and learn a more advanced level retail operations and excellence, in order to prepare them for more senior roles within our business.

Another area of focus has been our family friendly practices, and our desire to promote an inclusive culture, that attracts and retain talent at all levels of our organization, whilst allowing colleagues to balance their home and family life. We completely reviewed all our family friendly policies and at the end of 2018 and made some important changes around offering enhanced benefits for colleagues who take time away from the business for family reasons. Moving forward we will continue to review our all our family friendly policies and practices on a regular basis and look for opportunities to make improvements.

We confirm that our data has been calculated according to the requirements of the Equality Act 2010. The information contained herein is confirmed as accurate by Hans Hornemann, Director, KRM (GB) Ltd.