



**KRM**

# GENDER PAY GAP REPORT - 2019

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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 highlevel snapshot 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, 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 2019.

The mean gender pay gap for KRM is 4.74%

The median gender pay gap for KRM is 3.63%

The mean gender bonus gap for KRM is -23.05%

The median gender bonus gap for KRM is 17.83%

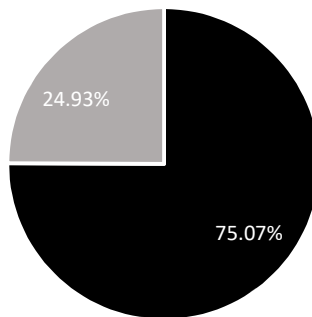
The proportion of male employees in KRM receiving a bonus is 80.43% and the proportion of female employees receiving a bonus is 84.84%.

Band	Males	Females	Description
A	21.1%	78.9%	Includes all employees whose standard hourly rate places them at or below the lower quartile
B	19.8%	80.2%	Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median
C	30.8%	69.2%	Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
D	28.6%	71.4%	Includes all employees whose standard hourly rate places them above the upper quartile

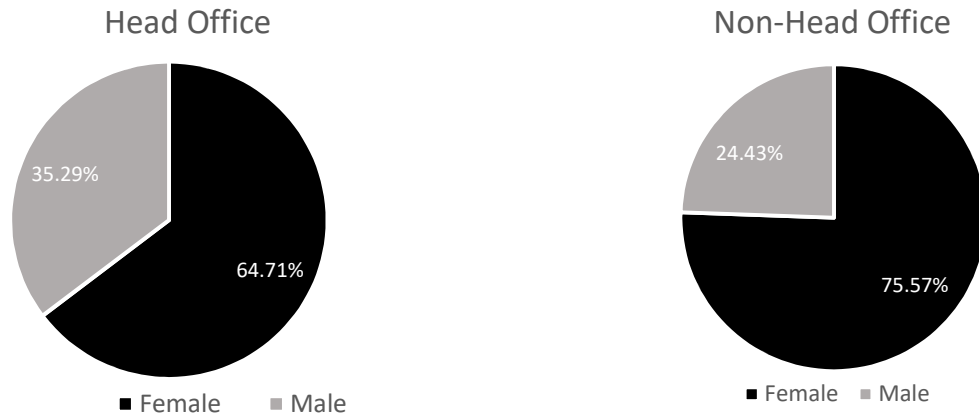
**KRM DEOMGRPAHICS**

KRM (GB) Ltd employed 369 members of staff on the snapshot date and as the below charts show, our workforce is primarily women.

KRM Great Britain Limited - All Employees



■ Female ■ Male



The pattern from the UK economy, 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).

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, 78.9% of the employees in Band A are women and 21.1% men. The percentage of male employees increases throughout the remaining Bands, from 21.1% in Band A to 28.6% 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:

- **The median gender pay gap has changed from 0.7% to 3.63%** – This has been increased by the greater level of hiring in London and city locations, in particular the increased proportion of male colleagues based in London and city locations. We have higher rates of pay in London and cities at all levels of the organization however with a relatively small male population overall, this has slightly increased the median level of pay for men in 2019 versus our 2018 numbers.
- **The mean gender pay gap has reduced from 11.7% to 4.74%**. We have maintained a stable management workforce which is predominantly female in our retail stores. While our management population has remained stable, we have had a decline in hiring of female Sales Advisors in our northern region, we believe this has reduced the number of female employees in the lower quartile and in turn increased the average rate of pay for our female employees versus 2018.

To comment further on the above and explain why there is a gap of 4.74%, whilst we have more female Store Managers than male Store Managers, if we look at the male population in isolation, across retail and head office together, we have a relatively higher proportion of men in more senior roles relative to the overall size of the male population. This has undoubtedly impacted the average rate of pay for men and has made this higher. If we were to exclude Head Office staff from the gender pay calculation the mean gender pay gap is 0.87%.

- **The median bonus has reduced from 35.8% to 17.83%**. We believe the smaller population of men which, as outlined above, are proportionately in more senior positions, has also impacted the median bonus earnings. Whilst our female store management overall earned higher levels of bonus on average, we still have a relatively high number of female Sales Advisors compared to men and this has meant that the median bonus for men is higher.
- **The mean bonus gender pay gap has changed from 45.5% to -23.03%**. This is reflective of the fact that the number of men in senior Head Office roles reduced, and in 2019 there was a higher proportion of female population in senior Head Office roles who received bonus.

## **HOW WE INTEND TO IMPROVE THE GENDER PAY GAP**

When examining the National Average, according to the Office of National Statistics, in 2019 the median gender pay gap among all employees fell from 17.8% in 2018 to 17.3% in 2019 and continues to decline. The gender pay gap among full-time employees in 2019 stood at 8.9%.

We recognize that for KRM there is of course room for improvement but at the same time are proud of the fact that, relative to the National Average, our gender pay gap is lower.

This is partly because of the change in our gender mix by pay quartile. The number of women in higher paid roles has increased and the number of women in our lower paid roles has decreased. We continue to work with structured remuneration plans across the majority of our retail roles, and operate with published bandings as well as standardised bonus plans, which operate to a set percentage of staff member's salary for all employees.

That said, we still employ more women in our lower graded roles and this continues to have the greatest effect when we calculate the average hourly rate for women than it does when we calculate it for men. Our lower graded roles make up a higher proportion of our workforce.

As part of our drive to encourage a balance of men and women in senior roles, we will continue to work upon and revise our internal talent process. This is something which we started work on during 2018 and 2019 and has included revising our internal communication approaches to more greatly raise visibility of all internal opportunities and ensure all staff are aware of our internal opportunities. Additionally, we have increased the level of internal secondments as a development tool for our aspiring managers. We will continue to evolve our internal talent process in the forthcoming year and as a measure of our commitment to this, we have specifically written this into our people strategy for 2020.

Centrally we continue to operate an enhanced program accessible to all our retail store managers, whereby managers can apply for the opportunity to travel to our sites 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 success for us 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. In 2019 we focused upon enhancing our communication around these benefits as well as Shared Parental leave, with more family policy briefings with our colleagues so they fully understand the benefits available to them.

**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.**