

**MORGAN
SINDALL**

Gender pay gap | report 2018 |

Morgan Sindall Group plc is a leading UK construction and regeneration group with revenue of c£2.97bn, employing around 6,600 employees and operating in the public, regulated and private sectors. We operate through six divisions of Construction & Infrastructure, Fit Out, Property Services, Partnership Housing, Urban Regeneration and Investments (the Group).

INTRODUCTION

We believe that developing and retaining talented people is the key to our success. As a Group, it is one of our strategic objectives.

Our aim is to provide all employees with opportunities to develop in an inclusive and empowered culture, underpinned by respect, and to achieve a healthy work-life balance. The new ideas and innovations that a diverse and inclusive workforce brings, are critical to our future.

This second gender pay gap report shows that our gap, as expected, remains relatively unchanged. It will take time to see the impact of our 2018 initiatives, and there is still more work to do. We will continue to strive for increased diversity, especially in the number of women employed at all levels across the Group, and we've included several examples in this report where we are making progress.

At 23% the proportion of our workforce who are women is higher than the industry average, but women are still underrepresented in senior roles. In 2019 and beyond we are focussed on providing the support and routes for career progression that are needed to attract, retain and promote women in the workplace, and thereby reduce our gender pay gap.

We know that some level of pay gap is likely to persist even if gender balance is achieved at more senior levels. Reducing our pay gap will take time, and we are mindful of the beneficial role we play in providing employment and development opportunities for both men and women.

This report sets out the gender pay gap of each of the Group's legal entities to which the legislation applies. Progress is more achievable if we have a full understanding of our gender pay gap, so we've also produced data for the Group as a whole that include all our companies regardless of the number of employees.

We will continue to monitor and report our diversity levels and work to better understand our gender pay gap challenge. This includes learning from other sectors and trialling new interventions that will drive equality and inclusivity.



John Morgan
Chief Executive



“Our aim is to provide all employees with opportunities to develop in an inclusive and empowered culture, underpinned by respect. The new ideas and innovations that a diverse and inclusive workforce brings, are critical to our future.”

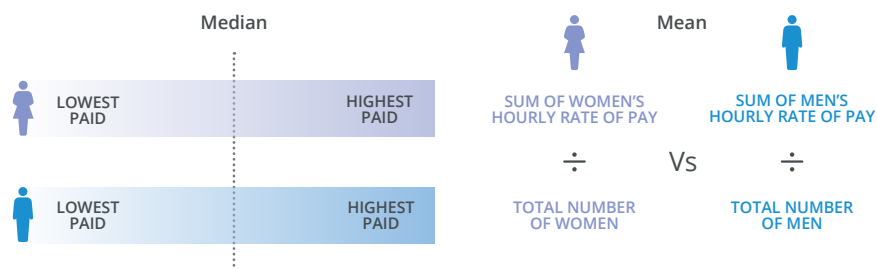
GENDER PAY REPORTING EXPLAINED

The gender pay gap shows the difference in the average hourly rate of pay between women and men in a company, expressed as a percentage of average male earnings. A gender pay gap can be driven by a number of factors including, crucially, a lack of women in senior positions.

It is important to note that this is different to the issue of equal pay, namely the legal requirement to pay men and women the same for equal work, which is a requirement of the Equality Act 2010.

The Government Equalities Office has set out the methodology for companies to use to report their mean and median gender pay gap, bonus gap and distribution across quartiles.

DISTINGUISHING BETWEEN MEDIAN AND MEAN



The median is the figure that falls in the middle of a range when the wages of all relevant employees are lined up from smallest to largest.

The median gender pay gap is calculated based on the difference between the middle employee in the range of male wages and the middle employee in the range of female employees.

The mean is calculated by adding up the wages of all relevant employees and dividing the figure by the number of employees of each gender.

The mean gender pay gap is calculated based on the difference between mean male pay and mean female pay.

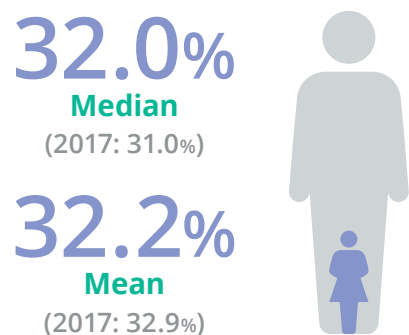
Our 2018 gender pay reporting

While the proportion of women within the Group (at 23%) is higher than the industry average, women are underrepresented, particularly within senior roles (9% in the upper quartile) which typically attract the highest levels of remuneration. There is a higher proportion of women in support and junior roles, which predominantly fall within our lowest pay quartile. While these roles are competitively rewarded by reference to the market, the fact that so many of them are held by women has the effect of reducing the average pay and bonus of women across the Group. The analysis of our gender pay gap data as at 5 April 2018 tells us that:

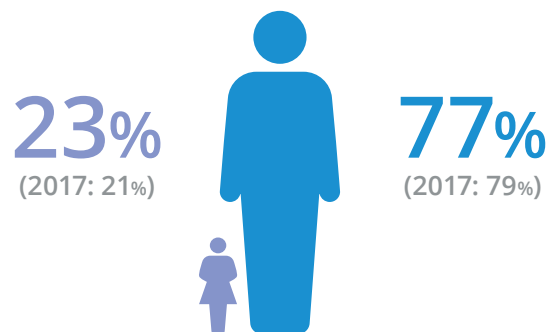
- Our mean and median pay gap for the whole Group remains relatively unchanged;
- Our gender pay gap arises because women hold fewer senior positions than men across the Group;
- Our bonus gap is impacted by fewer women in senior positions where higher bonuses are paid;
- We have a marginally higher proportion of women in the top pay quartile this year and an increase in the proportion of women in the lower quartile;
- If each gender was represented equally across each quartile our mean gap would be 8.99% and our median pay gap would be 0.08%, showing our biggest opportunity to improve inclusion across the Group is by encouraging and promoting female talent; and
- Although the proportion of men paid a bonus has increased in 2018, the biggest decrease has been in our mean and median bonus gap, which is primarily due to the level of bonuses for women remaining roughly the same while the level paid overall to men has reduced.

Voluntary publication gender pay gap: all employees across the Group

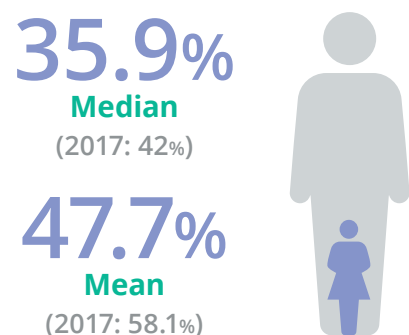
GENDER PAY GAP



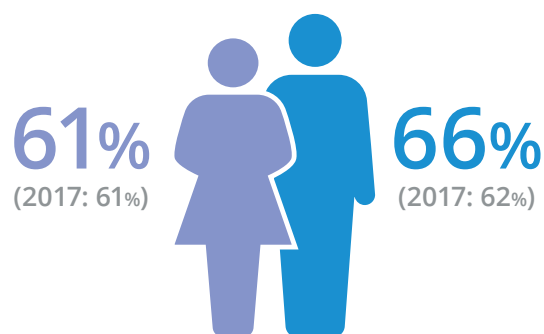
PROPORTION OF MEN AND WOMEN EMPLOYED



BONUS GAP



PROPORTION OF MEN AND WOMEN RECEIVING A BONUS PAYMENT



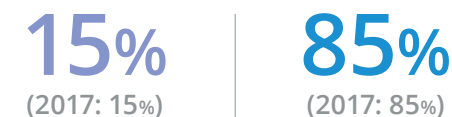
PROPORTION OF MEN AND WOMEN BY PAY QUARTILE, ILLUSTRATING THE GENDER DISTRIBUTION ACROSS THE GROUP



Upper quartile



Upper-mid quartile



Lower-mid quartile



Lower quartile





Our commitment

We are not happy with our gender pay gap and aim to minimise it. The construction industry in which we operate is a traditionally male sector, particularly at senior levels. However, we are committed to equal opportunities and fairness in our recruitment, development, promotion and reward practices. As we are a decentralised organisation, each division is responsible for designing and implementing initiatives to support these objectives and is accountable to the Board for reducing its own gender pay gap. Through our HR forum, which is made up of the HR leads in each division, the divisions share best practice and experience of initiatives introduced to improve industry.

In

Encouraging underrepresented groups of employees into the Group

- Promoting careers in construction in schools and universities;
- Making our recruitment/advertising campaigns more appealing to underrepresented groups;
- Reviewing our approach to returnships to support people returning to work after longer-term career breaks; and
- Expanding our graduate and apprenticeship programmes.

On

Supporting underrepresented groups of employees to remain with the Group

- Exploring opportunities to enable employees to take career breaks;
- Agile-working initiatives; and
- Inclusivity e-learning.

Up

Making opportunities accessible to underrepresented groups of employees

- Monitoring and encouraging our pipeline of talent;
- Sponsoring/mentoring programmes; and
- Development programmes for all employees.

Examples of specific actions recently undertaken by our divisions



Returnship programme

Of the 90 applicants for our Construction & Infrastructure division's returnship programme launched in 2017, 40% were female and 15% from BAME backgrounds. The programme offers people returning to work after an extended career break the opportunity to complete a three-month fixed term contract. In 2018, five participants (four women and one man) completed the three-month placement contract which included structured skills training to help participants build their confidence in a work environment. All five have since been offered permanent roles within the division. The programme received over 90 applicants for the second cohort, of which 50% were female and 30% were from ethnic minorities. There will be further placements offered this year.

Agile working

Across the Group our divisions have adopted a flexible approach to working arrangements and career paths, supporting our people in managing their work and personal lives. This approach enables us to attract and retain diverse talent at all career stages. Our flexible-working programmes include a variety of formal arrangements such as the ability for employees to extend their annual holiday entitlement by up to five extra days each year. It also covers informal arrangements such as working from home or flexible working hours, allowing employees to work in a way that suits both them and the business. Construction

& Infrastructure has started to introduce wording on job vacancies that underlines our commitment to flexible working, so that we can ensure we are getting the broadest and best range of talent.

Supporting working parents

Construction & infrastructure has continued to implement a variety of family-friendly working practices. These include a parental support 'buddy' system for those returning from family leave, where the returning employee is matched with another employee who has been on family leave in the last two years. The division currently has 25 buddies supporting working parents. In 2018, Construction & Infrastructure won several awards including the CIPD People Management Award for best diversity and wider diversity and inclusion of underrepresented groups.

Encouraging new people into the industry

In early 2019, we signed the government's social mobility pledge. As a Group we have developed various relationships with schools and colleges to raise awareness of the huge variety of career opportunities within the industry and the Group. Construction & Infrastructure carried out over 500 events in schools and colleges in 2018, including site visits to our projects. We also offer work experience and work placement opportunities to help get people back into work who have been unemployed for a long time. Our

BasWorx social enterprise in Basildon has provided 44 work placement opportunities for local residents since its inception in 2016. In addition, 40 people have been offered apprenticeships and 15 people, who were previously unemployed, have been provided with employment opportunities with our Property Services division. Our Partnership Housing division operates an 'Enabling Enterprise' scheme whereby four or five staff work with school pupils aged 8–11 to give them the chance to see a real working environment while developing skills in problem-solving, leadership, teamwork and presenting.

Unfortunately, there is no quick fix to reducing the gender pay gap, especially in the construction sector where women are underrepresented. However, we are committed to implementing our long-term initiatives and to ensuring, in the meantime, that all employees continue to be paid equally and fairly according to their roles. In addition, we will continue to monitor other sectors and research new initiatives that may help reduce our pay gap going forward.



Statutory disclosures

Morgan Sindall Group has five legal entities with at least 250 employees: Baker Hicks Limited, Morgan Sindall Construction & Infrastructure Ltd, Overbury plc, Lovell Partnerships Limited and Morgan Sindall Property Services Limited. We are required to report our gender pay gap data for each of these entities, as set out here and on the next page.

BAKER HICKS LIMITED

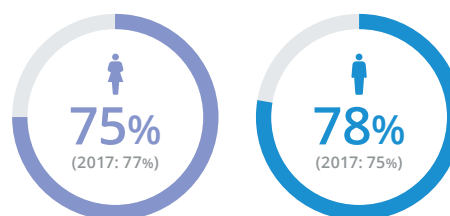
GENDER PAY GAP



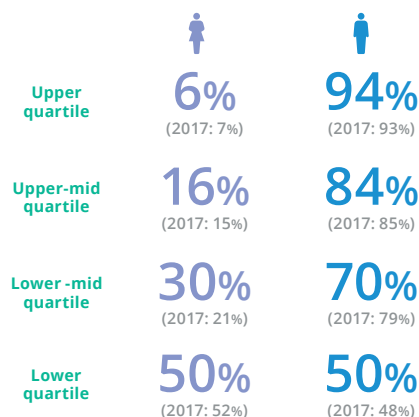
BONUS GAP



PROPORTION OF MEN AND WOMEN RECEIVING A BONUS PAYMENT



PROPORTION OF MEN AND WOMEN IN EACH QUARTILE



MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

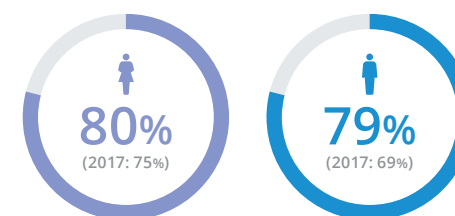
GENDER PAY GAP



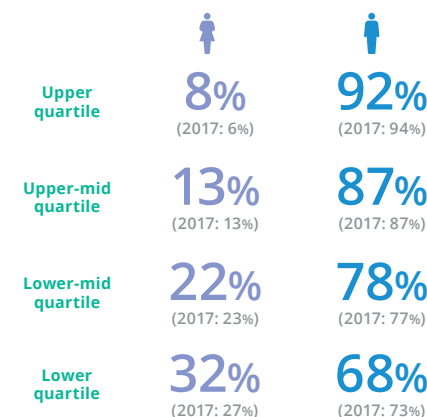
BONUS GAP



PROPORTION OF MEN AND WOMEN RECEIVING A BONUS PAYMENT



PROPORTION OF MEN AND WOMEN IN EACH QUARTILE



OVERBURY PLC

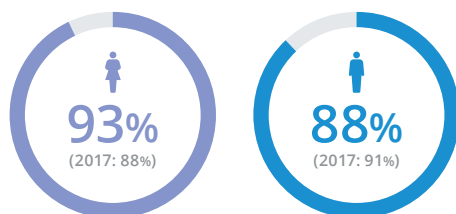
GENDER PAY GAP



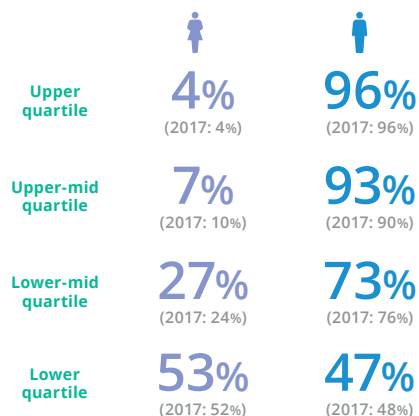
BONUS GAP



PROPORTION OF MEN AND WOMEN RECEIVING A BONUS PAYMENT



PROPORTION OF MEN AND WOMEN IN EACH QUARTILE



LOVELL PARTNERSHIPS LIMITED

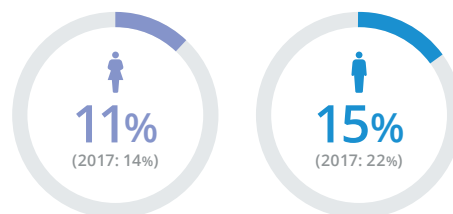
GENDER PAY GAP



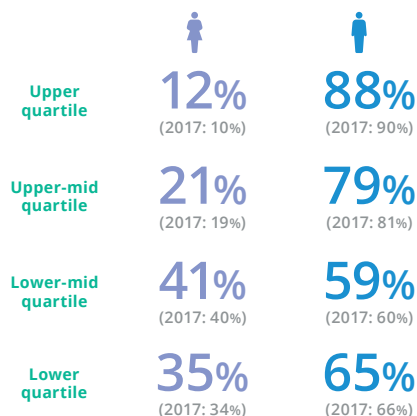
BONUS GAP



PROPORTION OF MEN AND WOMEN RECEIVING A BONUS PAYMENT



PROPORTION OF MEN AND WOMEN IN EACH QUARTILE



MORGAN SINDALL PROPERTY SERVICES LTD

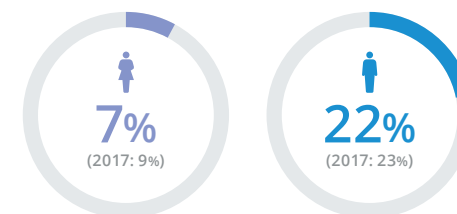
GENDER PAY GAP



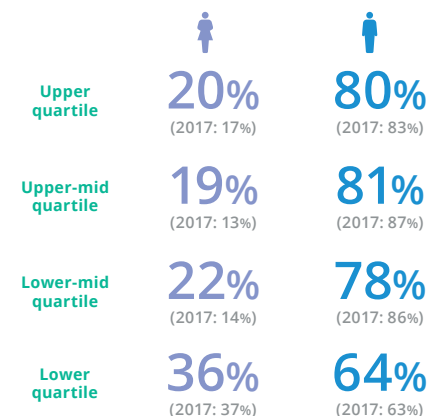
BONUS GAP



PROPORTION OF MEN AND WOMEN RECEIVING A BONUS PAYMENT



PROPORTION OF MEN AND WOMEN IN EACH QUARTILE



For more information on our responsible business activities please visit our website morgansindall.com where you can also find a copy of our 2018 responsible business report.

I confirm that Morgan Sindall Group's gender pay gap calculations are accurate and meet the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

For and on behalf of the Board of
Morgan Sindall Group plc

John Morgan
Chief Executive