

Gender pay gap report 2020 |

Morgan Sindall Group plc is a leading UK construction and regeneration group with revenue of c£3.03bn, employing around 6,600 employees and operating in the public, regulated and private sectors. We operate through five divisions of Construction & Infrastructure, Fit Out, Property Services, Partnership Housing and Urban Regeneration (the Group).

INTRODUCTION

The fresh ideas and innovations that a diverse and inclusive workforce bring are vital to our success and we need to attract and retain great people of all genders and support them to be their very best. We aim to ensure that our employees are given opportunities to thrive in a working environment where they feel respected, included and empowered, and can enjoy a healthy work-life balance.

Unfortunately, our current gender balance is predominantly male, and it will not change overnight. At 24%, female representation across our workforce is higher than the industry average, but women are still under-represented in senior roles. Though our gender pay gap continues to head in the right direction, our progress is still too slow. We remain committed to narrowing the gap by balancing male and female representation and we will keep learning from and responding to the data to make improvements that add to our momentum. This includes, for example, supporting flexible working wherever possible to enable our employees to balance the different demands on their time. The Covid-19 pandemic has shown that people can work flexibly and maintain productivity and it has helped us understand and accept the different priorities that our colleagues are juggling in their lives. This shift in perspective makes me feel confident that many of the barriers to career progression for people from minority groups, including women, can be overcome if we continue on this path.

In 2020, I commissioned a Group wide survey to better understand how our employees feel about diversity and inclusion within the Group. Some 60% of employees responded, and I am hopeful that by taking positive actions we can encourage more people to share their views and opinions in the future. I and our divisional MDs have listened very carefully to the feedback from the survey, discussed it at length as a leadership team, and are collectively fully committed to the plans that we are now putting in place. We are focusing on ensuring that everyone in the business feels included and fully engaged, as we strongly believe that this will ultimately improve diversity at all levels across the Group.

This report sets out the gender pay gap metrics for each of the Group's legal entities to which the legislation applies. The more we understand about our gender pay gap, the more progress we can make; we have therefore also presented our pay gap for the Group as a whole, which includes data from all our companies, including those with fewer employees that are not subject to the mandatory reporting requirements. We will continue to monitor, report and seek to better understand this challenge, to learn from other sectors and trial new interventions that will drive equality and inclusivity.



John Morgan
Chief Executive



“We aim to ensure that all our employees are given opportunities to thrive in a working environment where they feel respected, included and empowered, and can enjoy a healthy work-life balance.”

OUR GENDER PAY GAP EXPLAINED

The 2020 figures for the Group as a whole show a small improvement in both our gender pay gap and median gender bonus gap. This may be a sign that our policies and initiatives are continuing to have a positive impact, but we still have a way to go. Although 24% of our colleagues within the Group are female, which is almost double the industry average, our gender pay gap is mainly due to low female representation in senior roles, which typically attract the highest levels of remuneration. We also have a low proportion of men in support and junior roles, which predominantly fall within our lowest pay quartile. Our bonus gap is due to there being fewer women in the senior positions where higher bonuses are paid.

The construction sector's median gender pay gap is 24.2%¹. We are disappointed that our gender pay gap of 29.1%² remains above the sector average and while we are making some progress to reduce our pay gap, we acknowledge this shift will take time. Only by ensuring our working environment allows all employees to thrive and achieve their goals, whether progressing through the Group or developing within their current role will we be able to make significant changes.

¹ Xpert HR report 2019

² This figure has been calculated using the methodology set out in the Gender Pay Gap Regulations. Under these regulations we are required to report on April payroll data but, due to the distorting impact of Covid-19-related measures on the April figures, we have based our numbers on November payroll data, which paints a more accurate picture. Based on the Group's payroll data as at April 2020, the 2020 median gender pay was 33.6% and the mean gender pay was 33.7%. The April data was, however, impacted by the number of people across the Group who had agreed to voluntarily reduce their salaries for either two or three months to 30 June 2020 as part of the Group's response to Covid-19 and the number of people on furlough. Baker Hicks's gender pay gap data was not distorted by Covid-19 as none of their employees were placed on furlough. We therefore did not rerun their gender pay gap using the November payroll data.

Voluntary publication of our gender pay gap: all employees across the Group

GENDER PAY GAP

29.1%¹

Median

(2019: 31.2%)

29.5%²

Mean

(2019: 32.0%)

PROPORTION OF MEN AND WOMEN EMPLOYED



24%

(2019: 24%)



76%

(2019: 76%)

BONUS GAP

42.1%

Median

(2019: 42.7%)

61.6%

Mean

(2019: 56.7%)

PROPORTION OF MEN AND WOMEN RECEIVING A BONUS PAYMENT



72%

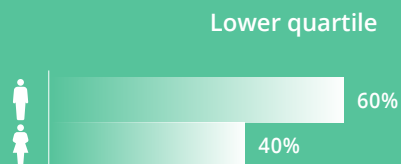
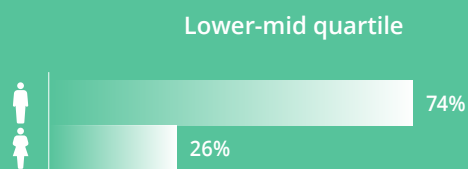
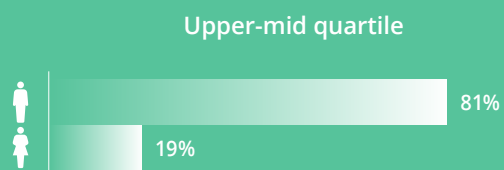
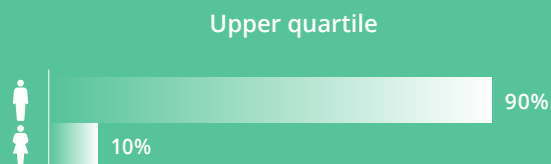
(2019: 72%)



74%

(2019: 74%)

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



How we are addressing our gender pay gap

We are determined to address and minimise our pay gap. 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 and promotion practices. As a decentralised organisation, each division is responsible for designing and implementing initiatives to support our aims and is accountable to the Board for reducing its own gender pay gap. Through our Group HR forum, which is made up of the HR leads in each division, the divisions share best practice and experience of initiatives they have introduced to improve inclusivity. In addition to the selection of initiatives set out below that we are already undertaking, our divisions are in the process of identifying and implementing actions arising from the diversity and inclusion survey that we undertook in late 2020.

HELPING TO ATTRACT WIDER GROUPS OF EMPLOYEES

To attract a more diverse group of people, we have developed relationships with a number of schools and colleges to raise awareness of the wide variety of career opportunities within the industry and the Group. 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, set up by our Property Services division in 2016, has to date provided 94 work placement opportunities and 16 apprenticeships for local residents. Since 2016, Property Services has extended the BasWorx model to six other projects in Waltham Forest, St Albans, East End Homes, Hammersmith & Fulham, Westminster, and Yorkshire. Through these six schemes, 25 people, including one woman, have been offered apprenticeships and 102 people, including 17 women, have completed training in skills that will support employment in the construction industry.

In 2017, Construction & Infrastructure launched a returnship programme that offers people returning to work after an extended career break the opportunity to complete a three-month fixed term contract. Since its inception, 13 participants (seven women and six men) have completed the three-month

placement contract which included structured skills training to help participants build their confidence in a work environment. Of these, 11 have since been offered permanent roles within the division.

Since 2018, we have increased the percentage of women in our graduate and apprenticeship programmes. While not helping to improve our gender pay gap in the short term, our graduate and apprenticeship programmes help us to improve diversity among our future managers and leaders.

IMPROVED WORKING ARRANGEMENTS

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. Where possible, all roles are offered as suitable for flexible working. 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 work part time, from home and 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 flexing working hours, allowing employees to work in a way that suits both them and the business.

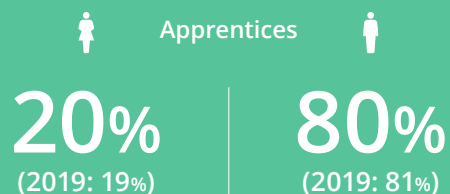
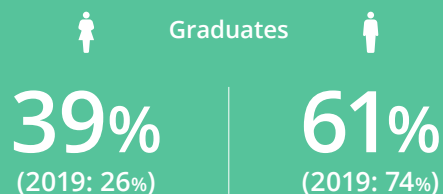
SUPPORTING WORKING PARENTS

Our divisions have implemented a variety of family-friendly working practices. These include a parental support 'buddy' system in our Construction & Infrastructure division 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.

While there is no quick fix to reducing the gender pay gap, especially in the construction sector where women are under-represented, we are committed to implementing initiatives that will enable us to ensure that all of our employees feel included and are able to thrive within the Group.



FEMALE TO MALE HIRE RATIO IN OUR GRADUATES AND APPRENTICES



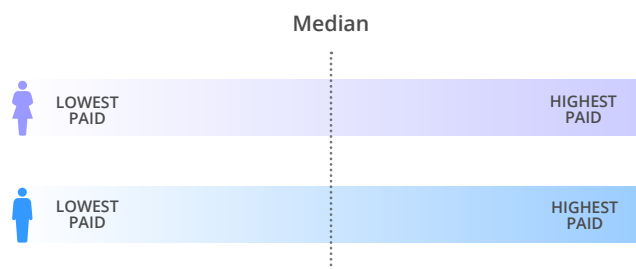
LEGISLATIVE REQUIREMENTS

Gender pay gap legislation requires all employers in the United Kingdom with 250 employees or more to calculate and publish their gender pay gap data on an annual basis. The data must be based on figures taken from 5 April each year. The specific information we are required to publish must include:

- mean and median gender pay gap (based on an hourly rate of pay at 5 April 2020);

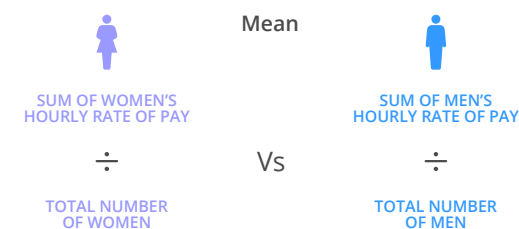
- mean and median bonus gender pay gap (considers bonus pay received in the 12 months leading up to 5th April 2020);
- proportion of men and women receiving a bonus payment;
- proportion of men and women in each quartile pay band (looking at the proportion in four pay bands when we divide our workforce into four equal parts).

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.

GENDER PAY GAP VS EQUAL PAY

A gender pay gap is a measure of the difference between the average earnings of men and women (irrespective of roles or seniority). Equal pay is our legal obligation as an employer to give men and women equal pay for equal work. Our gender pay gap is not a result of equal pay issues, as we have a gender-neutral approach to pay across all levels of the Group and we regularly monitor this to make sure we meet this legal and moral obligation.

The gender pay gap is expressed as a percentage of male earnings (e.g. women earn x% less than men).

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

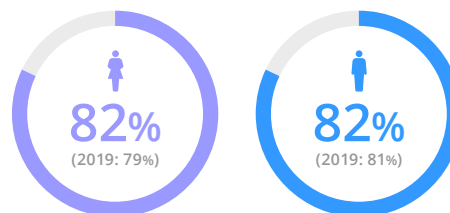
GENDER PAY GAP



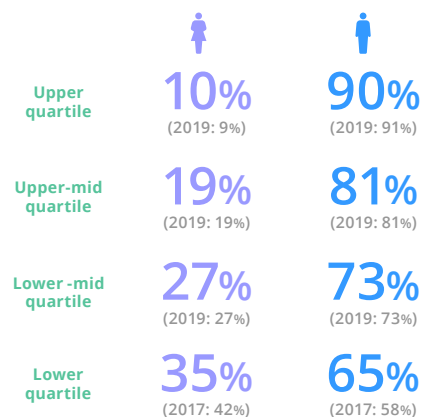
BONUS GAP



PROPORTION OF MEN AND WOMEN RECEIVING A BONUS PAYMENT



PROPORTION OF MEN AND WOMEN IN EACH QUARTILE



Baker Hicks' gender pay gap data was not distorted by Covid-19 as none of their employees were placed on furlough. We therefore did not rerun their gender pay gap using the November payroll data.

MORGAN SINDALL CONSTRUCTION & INFRASTRUCTURE LTD

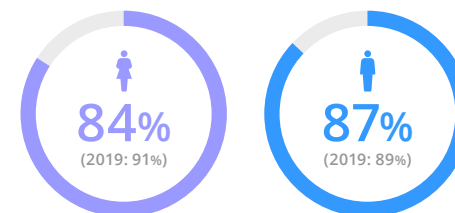
GENDER PAY GAP



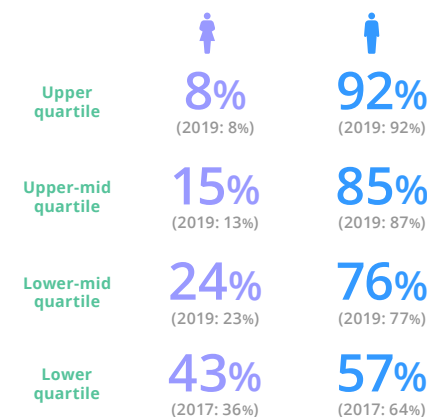
BONUS GAP



PROPORTION OF MEN AND WOMEN RECEIVING A BONUS PAYMENT



PROPORTION OF MEN AND WOMEN IN EACH QUARTILE



Based on their November payroll data, Morgan Sindall Construction & Infrastructure's 2020 median gender pay was 30.1% and the mean gender pay was 29.8%.¹

¹ The November payroll data was not distorted by Covid-19-related measures and therefore paints a more accurate picture. The April data was impacted by the number of people who had agreed to voluntarily reduce their salaries for either two or three months to 30 June 2020 as part of the Group's response to Covid-19 and the number of people on furlough.

OVERBURY PLC

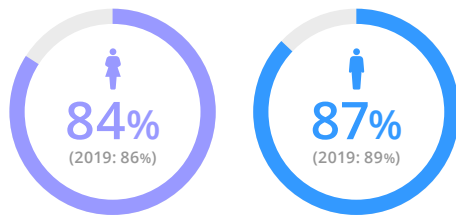
GENDER PAY GAP



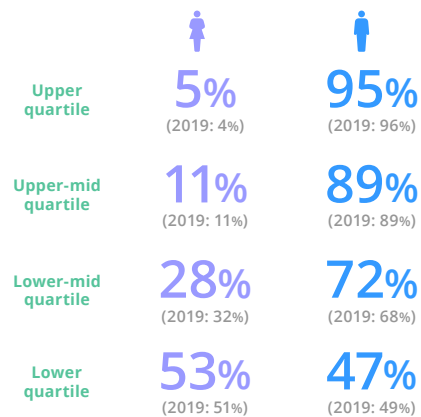
BONUS GAP



PROPORTION OF MEN AND WOMEN RECEIVING A BONUS PAYMENT



PROPORTION OF MEN AND WOMEN IN EACH QUARTILE



Based on their November payroll data, Overbury's 2020 median gender pay was 42.5% and the mean gender pay was 39.8%.

LOVELL PARTNERSHIPS LIMITED

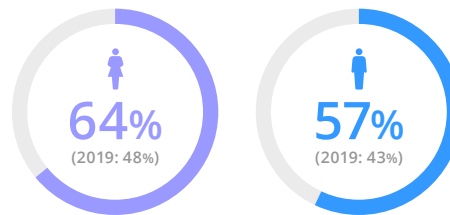
GENDER PAY GAP



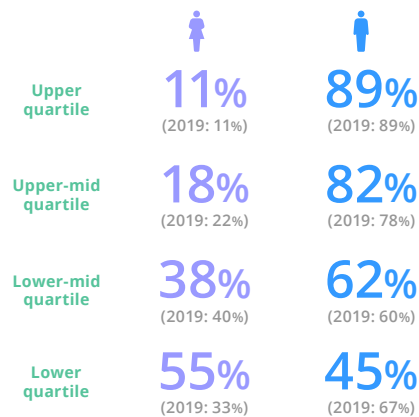
BONUS GAP



PROPORTION OF MEN AND WOMEN RECEIVING A BONUS PAYMENT



PROPORTION OF MEN AND WOMEN IN EACH QUARTILE



Based on their November payroll data, Lovell Partnership's 2020 median gender pay was 36.9% and the mean gender pay was 29.2%.

MORGAN SINDALL PROPERTY SERVICES LTD

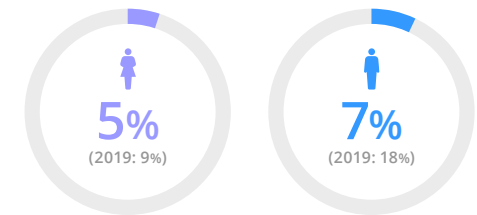
GENDER PAY GAP



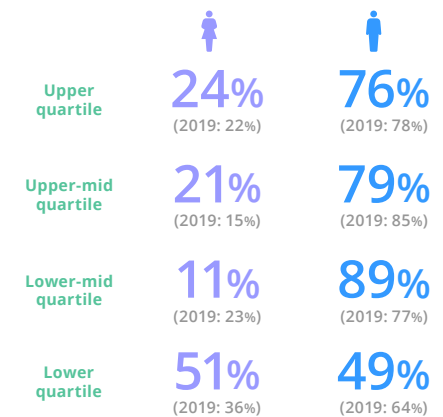
BONUS GAP



PROPORTION OF MEN AND WOMEN RECEIVING A BONUS PAYMENT



PROPORTION OF MEN AND WOMEN IN EACH QUARTILE



Based on their November payroll data, Property Service's 2020 median gender pay was 9.3% and the mean gender pay was 8.3%.

For more information on our responsible business activities, please visit our website morgansindall.com where you can also find a copy of our 2020 annual report and responsible business data sheet.

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

