

KRM GENDER PAY GAP 2020



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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 2020.

The mean gender pay gap for KRM is -30.35%

The median gender pay gap for KRM is -18.06%

The mean gender bonus gap for KRM is 13.80%

The median gender bonus gap for KRM is 35.10%

The proportion of male employees in KRM receiving a bonus is 87.06% and the proportion of female employees receiving a bonus is 91.78%.

Fig 1

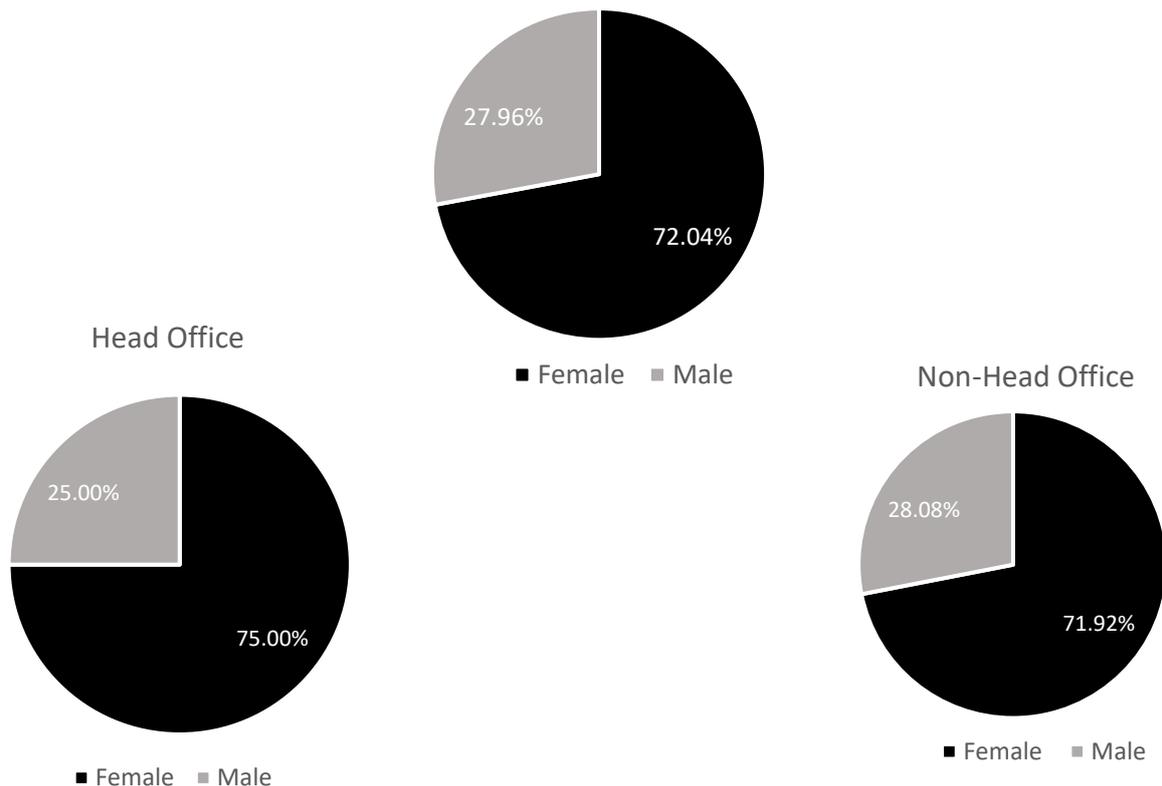
Band	Males	Females	Description
A	33.33%	66.67%	Includes all employees whose standard hourly rate places them at or below the lower quartile
B	33.33%	66.67%	Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median
C	33.33%	66.67%	Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
D	0%	100%	Includes all employees whose standard hourly rate places them above the upper quartile

KRM DEOMGRPAHICS

KRM (GB) Ltd employed 304 members of staff on the snapshot date and as the below charts show, our workforce is primarily women.

Fig 2

KRM Great Britain Limited - All Employees



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, 66.67% of the employees in Band A are women and 33.33% men. The percentage of male and female employees remains similar throughout the remaining Bands, with the exception of Band A which are 100% women.

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).

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 3.63% to -18.06%**

Due to the Coronavirus pandemic, the number of relevant full pay employees during the relevant pay period, which includes the snapshot date, has been affected. All our front-line retail staff in our stores were on reduced furlough pay and therefore the median gender pay calculation is based on Head Office staff in the UK. This is a considerable smaller population representing around 4% of the total workforce.

As you can see from the figure 1 diagram, not only are there more women than men in our head office population, in figure 2 you can see there are more women than men in our senior head office roles. Due to the fact that rates of basic pay are higher in our more senior roles, this has affected the median pay calculation to reflect that overall women are paid more.

To contextualise our rates of pay in 2020 in terms of the wider pay population, we have also examined our gender pay gap difference the month prior to the snapshot date looking at all relevant full pay employees on the 5th March 2020. At this stage, our retail population were not on reduced furlough pay

and therefore this offers another insight and comparison. On 5th March 2020 our median pay difference was 4.13% showing that overall men had a higher median rate of pay.

Greater hiring in London and city locations in our retail stores during 2018 to 2019 increased proportion of male colleagues based in London and city locations. On 5th March 2020, approximately 42% of the male population in our retail stores were located in London compared with 26% of our female population. Figure 3 shows the distribution of our retail employees in different locations on the 5th March 2020 under KRM's three key location categories which have differing rates of pay.

Fig 3

Gender	City	London	Non-City	Total
Female	38%	26%	36%	100%
Male	34%	42%	23%	100%
Grand Total	37%	30%	33%	100%

With a relatively small male population overall, this slightly increased the median level of pay for men.

- **The mean gender pay gap has changed from 4.74% to -30.35%.**

Again, due to the Coronavirus pandemic, the number of relevant full pay employees during the relevant pay period, which includes the snapshot date, has been affected. The mean gender pay calculation is also based on Head Office staff in the UK. This is a considerable smaller population representing around 4% of the total workforce.

Due to the fact that this is a very small population and rates of basic pay are higher in our more senior roles, this has also affected the mean pay calculation to reflect that overall average pay for our female staff is higher than our male staff.

Again, if we refer to our rates of pay on 5th March 2020 and calculate the average mean gender pay gap across relevant full pay employees on 5th March 2020, it is 3.05%. This has dropped from 4.74% in April 2019.

The mean gender pay gap has been affected by senior members of our Head Office management, who were men, who departed from the business and this has closed the gap on the overall average pay for men versus women.

- **The median bonus has changed from 17.83% to 35.10%.** We believe the smaller population of men that are based in locations that attract higher pay, in the same way that this has impacted the median pay rates referred to in the commentary above about median hourly rates on 5th March 2021, we

believe it has also impacted the median bonus earnings seen on the snapshot date.

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 -23.03% to 13.8%.** This is reflective of the fact that whilst there are more women in senior Head Office roles which has affected the average pay rates, our senior female colleagues still only represent 1.5% of relevant female employees who received bonus. So whilst the percentage of women who earned bonus increased from around 85% of the female population to nearly 92% of the female population in 2020, the amount of bonus earned in the relevant period averagely was less.

HOW WE INTEND TO IMPROVE THE GENDER PAY GAP

When examining the National Average in the UK, according to the Office of National Statistics, in 2020 the median gender pay gap among all employees fell from 17.4% in 2019 to 15.5% in 2020 and continues to decline. The gender pay gap among full-time employees in 2020 fell from 9% to 7.4%.

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 both with reference to the snapshot date of 5th April 2020 and with reference to 5th March 2020 where for comparison purposes we examined the broader population prior to reduced furlough pay taking effect.

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 paid frontline roles and this continues to have the greatest effect when we calculate the average hourly rate for women versus men.

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 processes. A focus for 2021 will be equipping Managers with the tools to have high quality performance and career conversations with their teams to support individuals to maximise their potential. Whilst internal secondments continue to be an area in which we believe we have been successful we will also continue to increase our communication and visibility of internal opportunities. A new time and attendance system rolled out in 2021 contains an internal communication platform which will greatly aid with this.

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 Thomas Vangsgaard

