



headlam

Gender Pay Gap Report

2024

GENDER PAY GAP REPORT 2024

In 2016 the government announced a requirement for any employer with 250 or more employees, to publish their Gender Pay Gap on an annual basis.

What is the Gender Pay Gap?

The Gender Pay Gap is the percentage difference between the hourly pay for male employees and female employees. The regulations prescribe hourly pay to include certain allowances and extra payments in addition to basic salary.

It is important to note that a Gender Pay Gap is distinctly different from equal pay. Equal pay is equality of pay between men and women for work of equal value i.e., within the same or similar job role.

Reporting Requirements

The Gap is reported as a **mean** and a **median**:

- The **mean gender pay gap** is the difference between average hourly pay between male and female employees
- The **median gender pay gap** is the difference between the hourly pay midpoint value (50th percentile) between male and female employees

The figure must be calculated in the pay period based on the "snapshot date", typically the period that includes 5th April for private employers. All employers must publish their pay gap on the specified government website, on their own website and in their annual report.

In addition to the mean and median hourly pay, data regarding gender bonus gap, the proportion of men and women receiving a bonus, and the proportion of men and women in each pay quartile must also be published.

It is important to note that employees who did not receive their normal pay on the snapshot date, for instance because they were on statutory sick pay or statutory maternity pay, are excluded from the hourly pay gap calculations. This is different for bonus gap calculations, where everybody on payroll on the snapshot date is included.

Each legal entity with over 250 employees must have separate reports and therefore HFD Limited (HFD), MCD Group Limited (MCD) and Headlam Group PLC (PLC) have separate figures. With fewer than 250 employees it is not a requirement to publish MCD or PLC figures, however in the interest of transparency we publish both voluntarily.

As employee numbers for the Domus, Melrose and Ceco legal entities are all below 250, no gender pay gap report is published for them and they are not included in the Headlam UK calculations below.

The government requires companies to keep data publicly available for 3 years and it produces league tables showing compliant and non-compliant employers. In addition to the reporting requirements, the government is keen to see businesses outline their intended plans to address and reduce the gap.

Headlam UK* Gender Pay Results – 5th April 2024 (the snapshot date)

	Headlam UK* Mean Pay Gap	Headlam UK* Median Pay Gap	Overall UK Median Pay Gap
2024	-4.1%	1.6%	13.1%
2023	-0.8%	2.1%	14.3%
2022	5.6%	4.8%	14.9%
2021	7.4%	1.8%	15.4%
2020	7.4%	6.2%	14.9%
2019	9.1%	10.8%	17.4%
2018	11.4%	10.1%	17.8%
2017	15.6%	10.5%	18.4%

* Headlam UK includes HFD, MCD and PLC, but excludes Domus, Melrose and Ceco entities.

The number of people included in the hourly pay gap calculations on the 2024 snapshot date has increased by 13 colleagues year on year with the small increase favouring males. As such the number of females as a proportion of the eligible colleagues has fallen to just below 19%.



Gender Pay Results for entities – 5th April 2024 (the snapshot date)

	Mean	Median
In HFD female pay is	0.5% lower than male pay	5.2% lower than male pay
In MCD female pay is	7.0% higher than male pay	11.7% higher than male pay
In PLC female pay is	48.4% lower than male pay	45.9% lower than male pay
In Headlam UK* female pay is	4.1% higher than male pay	1.6% lower than male pay

* Headlam UK includes HFD, MCD and PLC, but excludes Domus, Melrose and Ceco entities.

The median Headlam UK Gender Pay Gap has decreased to 1.6% which continues to be significantly below the UK median pay gap of 13.1% (based on ONS data). Comparing 2024 to 2023, male median hourly pay increased by 5.36% to GBP 14.54, whereas female median hourly pay increased by 5.92% to GBP 14.31, thus decreasing the median hourly gap.

Mean hourly pay in 2024 increased by 3.45% for men to GBP 17.69 and 6.91% for women to GBP 18.42 resulting in the average female pay exceeding the average male pay for the second year running and the gap widening between female and male average pay. This is predominantly due to an increased proportion of women in the upper middle (Q3) and upper (Q4) pay quartiles at the snapshot date, both showing an increase of 1%.

Bonus Participation and Bonus Pay Gap

Proportion of males and females receiving a bonus payment (during the 12 months up to April 5th 2024)

	Male	Female
Proportion receiving bonus in HFD	41.6%	56.4%
Proportion receiving bonus in MCD	31.9%	64.3%
Proportion receiving bonus in PLC	0%	0%
Proportion receiving bonus in Headlam UK*	41%	55%

* Headlam UK includes HFD, MCD and PLC, but excludes Domus, Melrose and Ceco entities.

Bonus Pay Gap

	Mean	Median
In HFD the bonus payment for women is	1.4% higher than for men	42.5% higher than for men
In MCD the bonus payment for women is	41.6% lower than for men	20.6% lower than for men
In PLC the bonus payment for women is	N/a – no bonus payouts	N/a – no bonus payouts
In Headlam UK* the bonus payment for women is	2.2% lower than for men	46.6% higher than for men

* Headlam UK includes HFD, MCD and PLC, but excludes Domus, Melrose and Ceco entities

Bonus participation decreased for the second year running in 2024 to 44% from 65% in 2023. The number of qualifying male colleagues reduced by 20 ppts whereas qualifying female colleagues had a greater reduction of 24 ppts.

The number of employees receiving zero bonus increased by over 400 colleagues year on year.

Summary

For the second year running we have seen a mean pay gap in favour of females and a reduction in the median pay gap. This results from the increase in the number of females at a senior leadership level whilst the overall proportion of females to males has remained at 19% of the eligible workforce. Whilst this is encouraging, there is still work to be done to ensure we attract females into our business in a flooring industry that is male dominated. Successfully increasing the number of females employed at all levels of the organisation may well swing the mean gender pay gap back in favour of males but will prime the pipeline of internal female talent and reduce the requirement to find female leaders externally.

GENDER PAY GAP REPORT

2024 CONTINUED

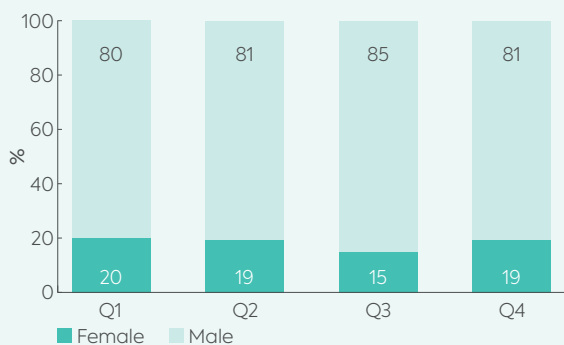
Proportion of men and women in each pay quartile

The chart below shows the female to male ratio in each pay quartile, lowest (Q1) to highest (Q4).

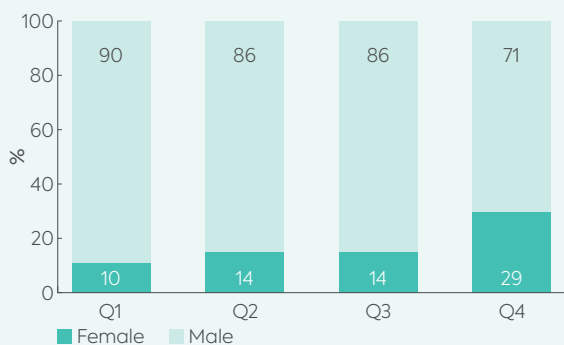
Year on year the overall mix of female colleagues at the lower quartile has remained consistent and the proportion of female colleagues in the upper quartile has increased by 1ppt which has in turn increased the mean hourly rate by £1.19 per hour for females.

This compares to a £0.59 per hour increase in the mean hourly rate for male colleagues.

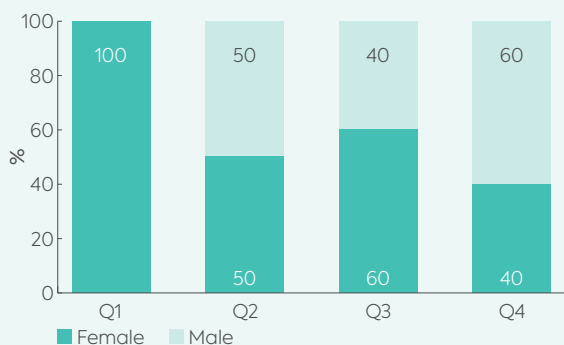
HFD female to male ratio



MCD female to male ratio



PLC female to male ratio



Focus areas

One of the businesses 5 key focus areas is to make Headlam a great place to work for everyone. This will enable us to build upon our position as the leading, most trusted experts in flooring and attract talented and passionate people looking for fulfilling careers.

Whilst the overall proportion of females in the workforce has remained consistent throughout 2024, we have seen an increase of the proportion of females at first line and middle management levels demonstrating the increase in senior level females we reported in 2023 has started to influence recruitment decisions at more junior levels in the business. This, in partnership with the insight and proactive activity we have tracked throughout 2024 has undoubtedly contributed to improved female pay versus that of their male peers.





Recruitment

- Our insistence that recruitment agencies provide diverse candidate shortlists has helped us to meet female talent across a predominantly male industry and has led to us making several appointments of females in middle management roles accounting for a 10% increase of females at this level in our business.
- The expansion of our Trade Counter business has provided us with an opportunity to recruit a more gender diverse workforce and we are proud to have a female only Trade Counter in Ashford as well as an increase of 5 female Trade Counter Managers year on year.
- We were unable to launch our new careers website in 2024, but this remains an ambition for us in 2025 and in doing this we hope to attract more females to the business by showcasing some of our female talent and the development they have received at Headlam.

Reward

- We have introduced a mandatory pay benchmarking process into every hire which enables us to ensure that we are not introducing equal pay issues as we hire internally or externally. Any mid-year reactionary pay reviews also follow this process. Finally, we conduct equal pay checks as part of the standard pay review process in December.
- In January 2025 we introduced a holiday purchase scheme which benefits all our colleagues but was particularly requested by our female colleagues through our Employee Forum and the Colleague Engagement Survey.



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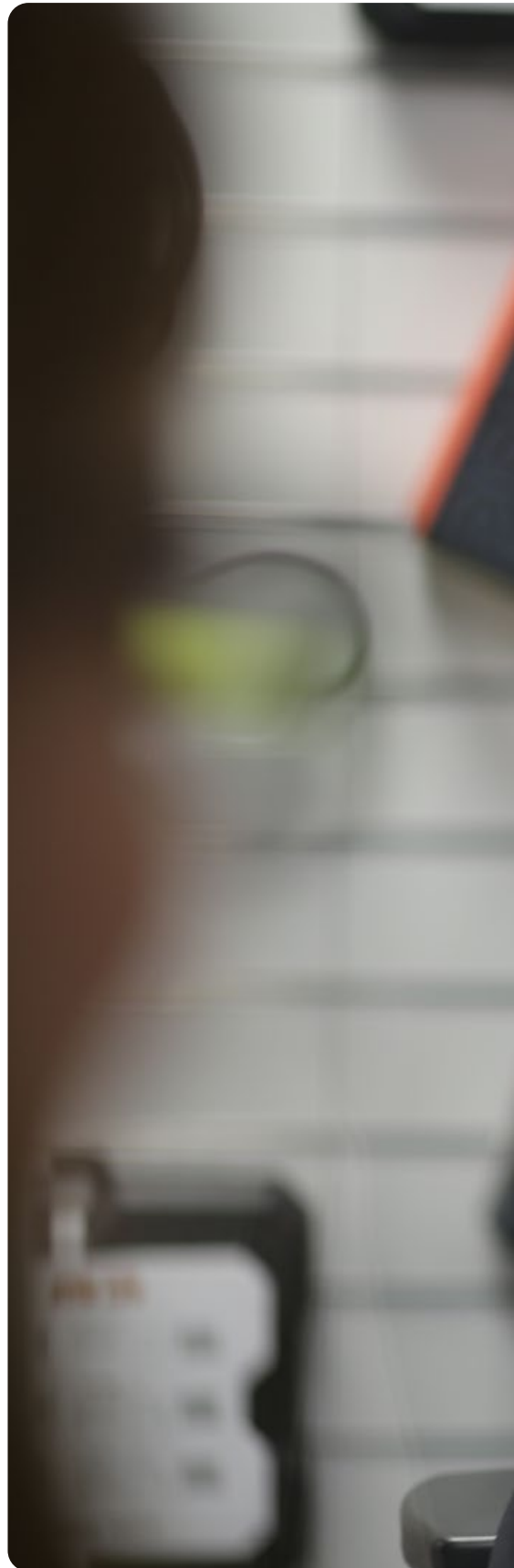
2024 CONTINUED

Colleague Engagement

- Our CEO continues to hold open forums in every site to speak directly to colleagues about any and all issues that may be relevant to them. These forums are attended by a diverse set of colleagues at every level of our departments and sites
- In 2024 we held our second colleague engagement survey which told us that our female colleagues have had a 6ppt improvement in engagement year on year with an engagement index score of 73% (2% higher than their male counterparts). The engagement survey was filled in by 75% of our female colleagues so is a solid representation of their views. The score for the question 'I feel able to be myself at work' improved by 4ppts for our female colleagues year on year and was an impressive 83% while the response to the statement 'we create a work environment where everyone feels included regardless of gender, background, ethnicity, sexual orientation, age etc' received a positive score of 81%, an improvement of 5ppts year on year.
- We continue to have good representation of females at our Employee Forum and have received excellent feedback from all colleagues about the transparency and engagement of both the Executive and our Non-Executive Director, Karen Hubbard.

Development

- In 2024 our Lead the Way leadership development programme commenced with strong participation from our female leaders. All leaders were eligible to enrol for this programme and it included topics spanning a range of leadership skills including how best to support colleagues with their development and achieve their career aspirations. As a result of this programme, we saw a significant increase of 7ppts in our colleague's assessment of their line manager in the engagement survey.
- The Headlam future managers programme for colleagues who have the behaviours and drive to become a leader or move from a first line leader to a senior leader has been designed. This programme will have an inclusive assessment criterion to ensure that we develop a diverse leadership pipeline. We are proud that our female Operational Department Manager Apprentice was integral in the scope and design of the programme as part of achieving a distinction in her qualification.
- We have rolled out harassment training as part of our ongoing commitment to creating an inclusive place to work. This training has been completed by all colleagues with additional content for managers on how to identify and deal with harassment in the workplace. We have risked assessed the work environment to identify any areas of potential enhanced risk of sexual harassment and have taken actions to mitigate risk where possible, for example by issuing posters in our Trade Counters explaining the importance of treating our colleagues with dignity and respect. We created a cohort of managers who have received in depth training on how to investigate allegations of harassment including different questioning techniques, the sensitivity of investigations and trauma-based responses. We will use these managers to investigate any allegations of harassment and will continue to develop managers in the nuances of supporting colleagues through these investigations.
- In 2025 we will be developing a co-ordinated approach to product training to help colleagues who have joined us from other industries to develop their product knowledge and to test their competence in advising customers. This is particularly important to enable the diversification of our business as the industry is white male dominated. We want to continue to provide expert advice to our customers but to achieve both diversity and maintain our market leading position we need to find constructive ways of bridging gaps in industry experience.







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