

REXEL

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Gender Pay Gap Report

Rexel UK

Reporting period: April 2016 to March 2017

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INTRODUCTION FROM OUR UK AND IRELAND HR DIRECTOR

The requirement to produce this report has presented us with an opportunity to look closely at the way our company is shaped. In the UK, Rexel has been formed through a number of acquisitions overtime, and we are now in the final stages of bringing together separate business units to create one strong organisation, operating through two brands; Rexel and Denmans.

We see the importance of equality in how our business is organised and managed and recognise that we need to continue making improvements in this area. The findings of this report will form the basis of our future plans to attract, retain and develop talented individuals into key roles across the organisation, supported by robust and equitable remuneration frameworks.

Rexel, and the sector within which we trade, is traditionally male dominated, particularly in customer facing roles, but we are keen to build increased levels of diversity (of which gender is one pillar) to offer an inclusive workplace for all, and to capitalise on the benefits that come from a more diverse workforce.

Best Regards



MATTHEW BLAKE,
HR DIRECTOR,
REXEL UK & IRELAND



What is gender pay gap reporting?

The government defines a gender pay gap as; “the difference between the average earnings of men and women, expressed relative to men’s earnings.”

This is not to be confused with equal pay, which looks at the pay of women versus men, for doing work of equal value. Gender pay gap reporting looks at the average pay of women versus men across all roles within an organisation, as a whole.

According to an ONS publication, dated 17th January 2018; “The pay gap [in the UK] has fallen from 10.5% in 2011 to 9.1% in 2017, but remains positive in value – meaning that on average men are paid more than women.”

At the time of writing this report, the average mean gender pay gap of the 5,911 companies who had submitted their gender pay gap report was 13.85%.

This national trend is typically driven by a lack of women in senior roles across many UK organisations. The prevalence of women in part-time roles also has a bearing on the pay differential, from a bonus perspective.

The existence of such inequality was the catalyst for the government to mandate gender pay gap reporting for the UK’s largest employers (those with over 250 employees) from 2017.



How is the gender pay gap calculated?

The mandatory gender pay gap reporting guidelines require companies to publish the following six data sets:

1. Mean gender pay gap
2. Median gender pay gap
3. Mean gender bonus gap
4. Median gender bonus gap
5. Proportion of men and women receiving bonuses
6. Proportion of men and women in each quartile of the organisation's pay spectrum

1. & 2. The first two measures look at the mean (average) and median (the mid point in a data set, when all values are ordered sequentially) hourly pay for women as a proportion of the hourly pay for men. In addition to base salary, this also includes other elements of pay, including; bonus, allowances and reductions for salary sacrifice items.

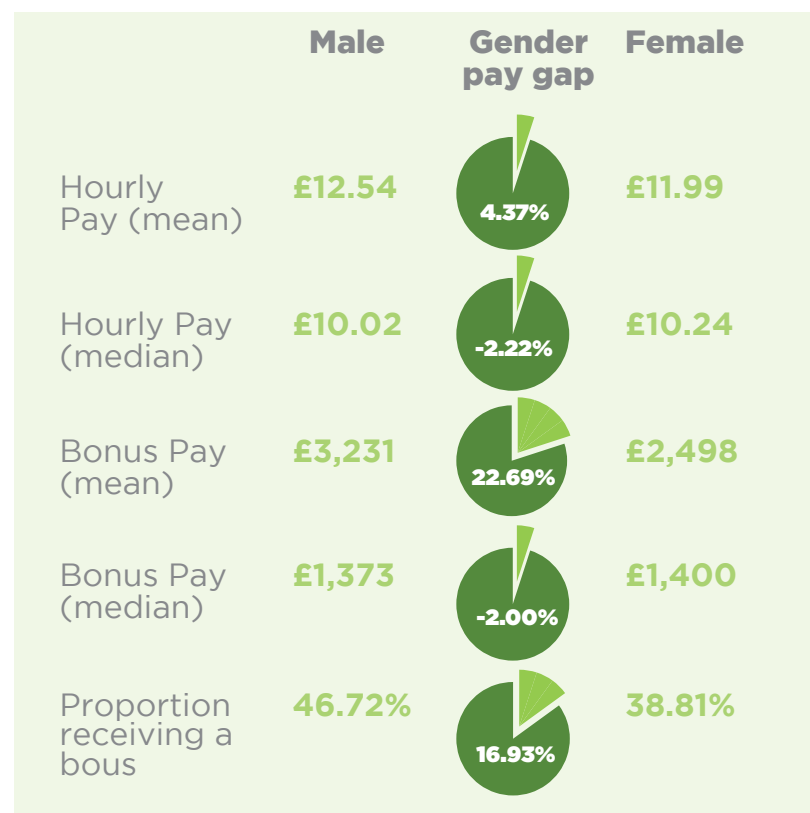
3. & 4. The third and fourth metrics look at the mean and median actual bonus amount paid to women as a proportion of the bonus paid to men in the same period.

5. Item five looks at the proportion of each gender who actually received a bonus within the reporting year (April 2016 to March 2017)

6. After assessing the spread of pay from lowest to highest within the organisation, four equal sized quartiles or ranges are established, from Q1 (lowest pay) to Q4 (highest pay). This measure looks at the proportion of men and women in each of these quartiles (Chart 1).



Rexel UK: Our gender pay position 2017



Note: Q1= lowest paid
Q4= highest paid

Quartile Split

Chart 1 - Proportion of gender split in each quartile

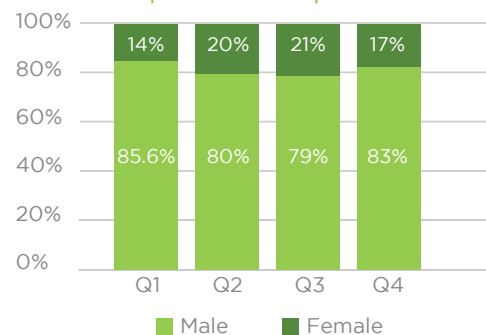
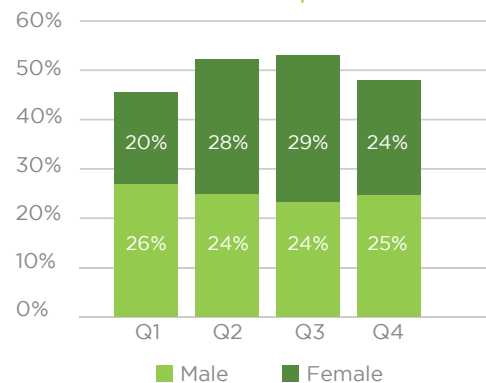


Chart 2 - Distribution of each gender across the quartiles



Explaining the results

Our mean pay gap, whilst of note, at **4.37%**, is less than half of the national average of **9.1%**. This comparatively low pay gap is a really encouraging sign. The median pay gap analysis actually shows a positive trend in favour of females, with the pay of women 2% higher than their male colleagues. As the median figure removes the bias of extreme high and low values, this is an important measure and one that shows a much more equitable gender pay position for our organisation.

The mean bonus pay gap is currently 22%. We recognise that the prevalence of bonuses in our most senior roles, which are largely held by men, has a big effect on the mean result. It is worth noting that the mandatory prescription for the calculation of this metric doesn't acknowledge the full time equivalent value of bonuses (given that bonuses are a percentage of salary, part time employees will receive a lower value bonus in real terms, for the same level of performance) or proration for length of service- two factors that affect the proportionate value of bonus awards.

In the reporting year 2016/17, support function bonuses typically didn't pay out, as scheme criteria were not met across the board, but sales bonuses would have been paid in more instances, where sales criteria were met for individual branches or teams. For this reporting period 35% of all women were in support function roles, compared to only 15% of men; resulting in a lower proportion of women receiving a bonus and having a significant effect on the bonus pay gap. The median bonus pay gap shows a positive 2%, in favour of females; which highlights a good organisational position, when ignoring extreme outliers that affect the mean calculation.

The required quartile analysis in Chart 1 shows a split that broadly follows our overall population split, which for the reporting period was 82% male and 18% female. Given the gender split and the nature of our sector, the findings are not surprising, so we have also included a secondary set of quartiles, which offers a better view of pay positioning. Chart 2 looks at the distribution of each gender population across the four quartiles. This shows a broadly equal split across the quartiles for both men and women. There are proportionally less women than men in the lowest paid quartile, whilst the highest paid (fourth) quartile houses similar proportions of men and women. The largest proportion of women sit in the third highest paid quartile (Q3), whilst the largest proportion of men are in the lowest paid quartile (Q1).



What's next

We recognise the value that diversity of all kinds brings to an organisation, and nowhere is this more true than within our leadership. Rexel UK has a lower than average female presence in our most senior roles, but through leadership development programmes and structured talent and succession planning, we will develop our top talent into senior roles over the coming years.

It is important, however, that this does not become a 'box ticking' exercise to achieve 'quotas'. If we establish a true meritocracy, the diversity challenge will solve itself; with talented applicants of varied backgrounds and characteristics filling positions at all levels within our business.



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