

Gender Pay Gap Report 2021

**MORGAN
SINDALL**
GROUP



Chief Executive's overview



“We are and remain committed to narrowing the gap by balancing male and female representation.”

Morgan Sindall Group plc is a leading UK construction and regeneration group with revenue of c£3.2bn, employing around 6,900 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).

We value diversity of thought, perspective and experience to help us challenge the status quo and drive innovation, and we want everyone in the Group to feel included and valued. 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 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.

Over the past decade, we have introduced a number of initiatives across the Group, such as flexible working and family-friendly working practices, to attract more diverse employees. We employ people from a variety of different socio-economic and educational backgrounds and, when recruiting, we consider the future potential of each individual candidate, as well as their past education and experience.

In line with historic trends across our sector, our current gender balance is predominantly male, and we recognise that it cannot be substantially shifted in a short timeframe. Although 25% of our employees are female, women are still under-represented in senior roles. We acknowledge that our progress to reduce our gender pay gap is still too slow. We are and remain committed to narrowing the gap by balancing male and female representation and we will keep learning from our employee experiences and responding to the data to make targeted improvements and interventions that add to our momentum. The pandemic has shown that supporting flexible working wherever possible and having a better understanding and acceptance of the different priorities that our colleagues juggle in their lives has helped us to create a more inclusive, supportive environment. This shift 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 2021, we analysed the results of a diversity and inclusion survey that I commissioned towards the end of 2020 across all employees in the Group. The survey results indicated that we need to do more to address inclusivity. I and our divisional MDs have listened very carefully to the feedback from the survey, and we have discussed it at length as a leadership team. Each of our divisions has introduced action plans relevant to its business needs. Across the Group these are broadly aligned to changing behaviours, improving recruitment and retention processes, promoting construction as a career choice and supporting diversity and inclusion in our supply chain.

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 greater our ability to take informed decisions to drive progress; 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

Summary of the numbers and our gender pay gap explained

Our 2021 median gender pay gap for the Group based on our April 2021 data is 29.6%. The gap remains high and reflects a higher number of senior male employees in the Group.

We recognise that we need to make further progress in helping more of our female employees progress into senior positions. Although 25% of our colleagues are female, women only make up 11% (2020: 10%) of the upper pay quartile compared to 39% (2020: 40%) in the lower quartile. 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.

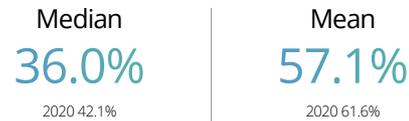
Initiatives have been introduced across the Group to attract more women into the industry at junior levels, and to develop and retain women who already work across the Group, but it will take time for their careers to be developed into more senior roles and therefore to reduce our pay gap. We seek a long-term solution to this issue which will enable real, structural changes across our Group and the sector as a whole.

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. All divisions pay their teams the national living wage or above, with the majority paying the real living wage rates or above.

Gender pay gap



Bonus pay gap



Percentage of employees receiving a bonus



Proportion of men and women in each quartile band

Upper quartile



Upper median quartile



Lower quartile



Lower median quartile



● Women ● Men

¹ Due to the distorting impact of Covid-19-related measures on the April 2020 figures, we re-ran the calculations using our November 2020 payroll data, which paints a more accurate picture.

How we are addressing our gender pay gap

We are determined to enhance our inclusive culture and to improve the number of people from minority groups, and women, across all levels within the Group.

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 improving its own diversity and ultimately 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. Only by ensuring our working environment is inclusive and 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 progress.

Feedback from our 2020 survey on diversity and inclusion indicated that we need to do more to address inclusivity. Each of our divisions has introduced action plans relevant to their business needs which are broadly aligned to the following themes: changing behaviours; improving recruitment and retention processes; promoting construction as a career; and supporting diversity and inclusion in our supply chain. Examples of some of the initiatives we have implemented to address these actions are set out below.

Changing behaviours to become more inclusive

We have rolled out training and awareness programmes to improve people's understanding of inclusion and how their behaviour can affect others, including unconscious bias training and diversity and inclusion leadership courses for managers. To support this further we have also introduced 'Allyship' and 'Active Bystander' programmes to encourage support for colleagues from minority groups and have rolled out a campaign to increase awareness of invisible diversity such as mental health.

We have adopted more flexible working arrangements and career paths to support our teams in managing their work and personal lives. Where possible all roles are advertised 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.

We 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. Urban Regeneration has introduced a parental transition programme to support male and female colleagues in becoming parents and has introduced paid leave for employees undergoing IVF treatment or support for partners of people undergoing IVF.

In 2021, we took part in International Women's Day, including running a seminar with inspirational women speakers for our employees and supply chain, and raising awareness through our online channels of the career paths and achievements of women from different businesses across the Group.

Recruitment and retention

We have reviewed our existing recruitment and retention policies and processes and have improved wording on our careers websites and in job advertisements to remove barriers and ensure the language is accessible to everyone. We have also reviewed our process for monitoring employees' careers to ensure everyone is being given the opportunity to succeed.

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. 50% of Fit Out's Foundation Programme intake in 2021 were women and BakerHicks' graduate scheme welcomed six female graduates (55% of its intake) into the business in 2021.

Graduates



Apprentices



● Women ● Men

How we are addressing our gender pay gap continued

We give full and fair consideration to job applications made by disabled people, commit to making reasonable adjustments to their roles and responsibilities, and offer the training and support they need to give them the same opportunities for career progression as our other employees. In 2021, Property Services reviewed its support for employees with a disability to ensure that people's changing needs continue to be met.

Promoting construction as a career

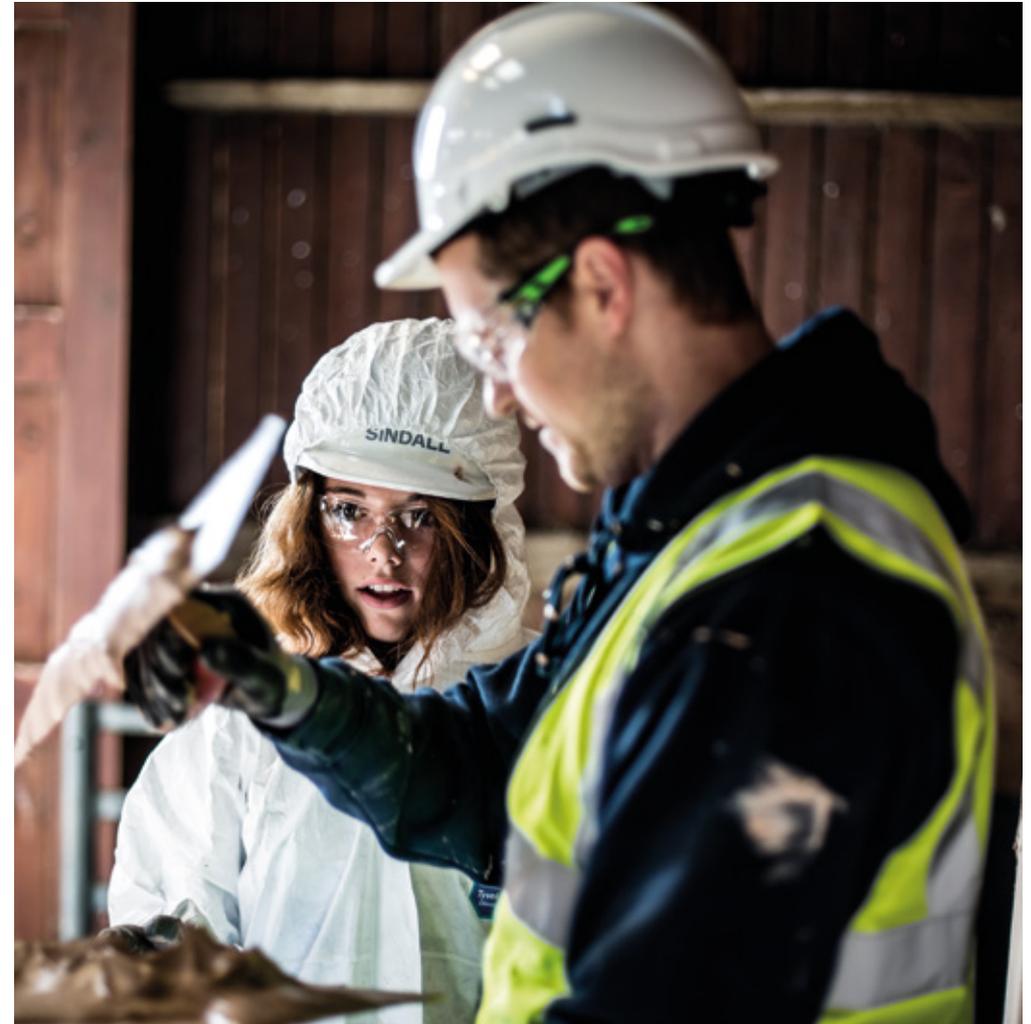
To attract a more diverse group of people, we have developed various relationships with schools and colleges to raise awareness of the wide variety of career opportunities within the industry and the Group. We also offer work experience and work placement opportunities to help get people back into work who have been unemployed for a long time.

Our Construction business has developed partnerships with Working Families/Working Mums, BPIC (Black Professionals in Construction) and Build Force UK and our Property Services division has partnered with the Women's Trade Network to attract women into our trade roles. In addition, Property Services has piloted the 'Phoenix' programme with Westminster Council to offer training opportunities to domestic abuse survivors and has joined the Housing Diversity Network mentoring scheme through which it has enrolled five employees to date. Our Partnership Housing division works with Women in Construction and BAME in Property to help increase diversity in its candidate pools.

Our work with schools, colleges and universities ranges from mentoring, STEM (science, technology, engineering and mathematics) activities and workshops to career talks, site visits and work experience. The Group has 42 formal partnerships with schools that pledge to support pupils with learning and development so that they make career choices that are right for them, the industry and the local community. The partnerships commit to the Gatsby benchmarks of good career guidance. Gatsby is a charitable foundation committed to strengthening the UK's science and engineering skills.

On its Repton project in Norfolk, Partnership Housing worked with a non-profit education trust (The Wensum Trust), to sponsor two students from the local Acle Academy which will lead to apprenticeships on the scheme in 2022. In the longer term, the division will be providing 11- to 16-year-olds with onsite learning. The division has also organised career talks for young people on next steps after completing their GCSEs and virtual or on-site work experience.

Construction, Infrastructure, Property Services and Partnership Housing have worked with Speakers for Schools to offer virtual work experience (VWEx) programmes. Speakers for Schools is a charity that aims to give state school students the same access to top speakers and work experience as those from fee-paying schools. Using Google Classroom, the week-long placements task students with projects such as designing a building, with experts from the divisions providing guidance. The students can develop skills such as maths, digital design, science, English, art and collaborative working. In 2021, 716 students took part, up from 204 in 2020.



How we are addressing our gender pay gap continued

Supporting diversity and inclusion in our supply chain

Our supply chain partners play a fundamental role in our resilience and success. We were a founder member of, and continue to support, the Supply Chain Sustainability School (SCSS) which provides free training in topics such as fairness, inclusion and respect and we work with our supply chain to help them to improve their own recruitment practices and to raise awareness of the importance of inclusive management.

Our Construction business, Fit Out and Partnership Housing divisions have extended their employee assistance programmes to their subcontractors during the year, giving around 6,400 people in our supply chain access to a range of legal and counselling advisory services.

Construction was a founding member of the Work Radar scheme, which connects individual tradespeople, microbusinesses and social enterprises with large construction firms working on projects in their area. Those who have signed up receive alerts of local opportunities and, in return, we are able to develop local supply chains. The platform is funded by contractors' subscriptions and is free for those who register to work. It is expected to address issues such as skills shortages, unemployment and diversity.

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



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.

Baker Hicks Limited

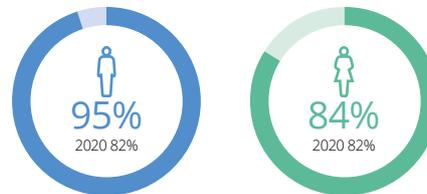
Gender pay gap



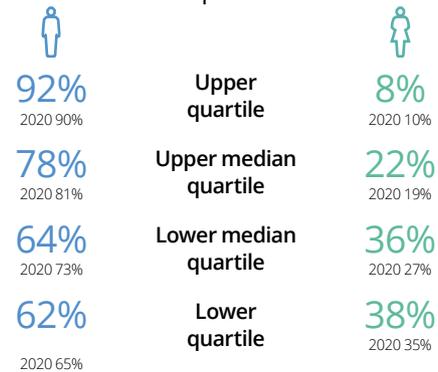
Bonus gap



Proportion of men and women receiving bonus payments



Proportion of men and women in each quartile band



Morgan Sindall Construction & Infrastructure Ltd

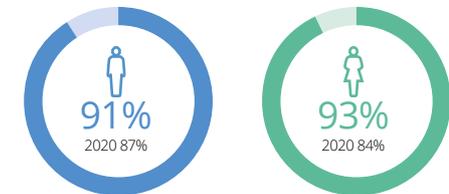
Gender pay gap



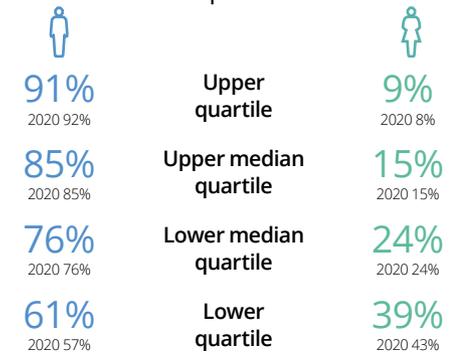
Bonus gap



Proportion of men and women receiving bonus payments



Proportion of men and women in each quartile band



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.

BakerHicks' gender pay gap data was not distorted by Covid-19 as none of its employees were placed on furlough. We therefore did not rerun its gender pay gap using the November 2020 payroll data¹.

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

Overbury plc

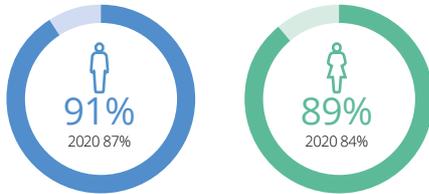
Gender pay gap



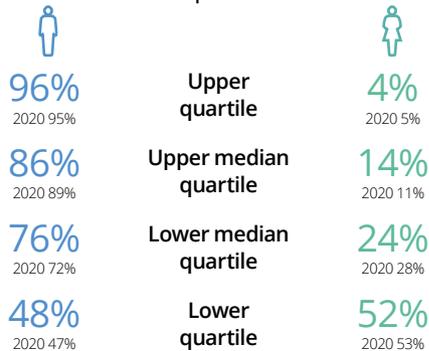
Bonus gap



Proportion of men and women receiving bonus payments



Proportion of men and women in each quartile band



Based on its November payroll data, Overbury's 2020 median gender pay was 42.5% and the mean gender pay was 39.8%¹.

Lovell Partnerships Limited

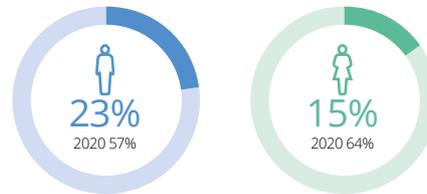
Gender pay gap



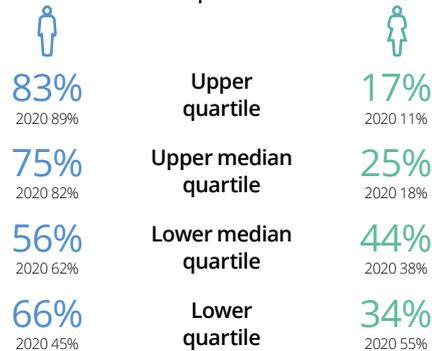
Bonus gap



Proportion of men and women receiving bonus payments



Proportion of men and women in each quartile band



Based on its November payroll data, Lovell Partnership's 2020 median gender pay was 36.9% and the mean gender pay was 29.2%¹.

Morgan Sindall Property Services Limited

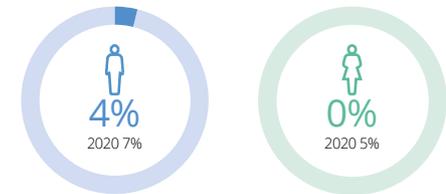
Gender pay gap



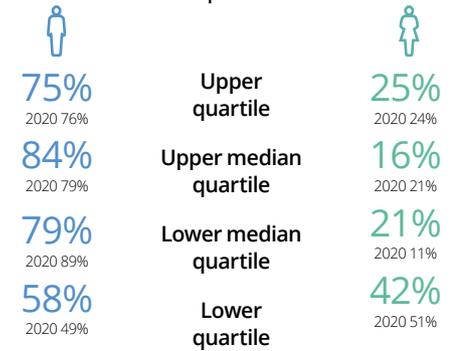
Bonus gap



Proportion of men and women receiving bonus payments



Proportion of men and women in each quartile band



Based on its November payroll data, Property Services' 2020 median gender pay was 9.3% and the mean gender pay was 8.3%¹. Property Services did not pay bonuses for the financial year ended 31 December 2021.

For more information on our responsible business activities please visit our website morgansindall.com where you can also find a copy of our 2021 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

Appendix

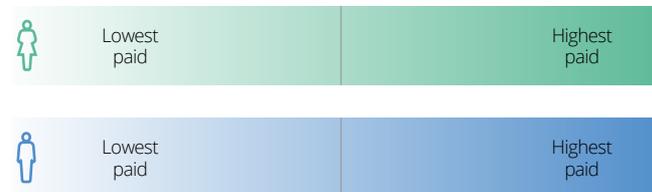
Legislative requirements

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 2021);
- mean and median bonus gender pay gap (considers bonus pay received in the 12 months leading up to 5th April 2021);
- proportion of men and women receiving a bonus payment; and
- 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

Median calculation



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.

Mean calculation



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.

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

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.