

Gender and Ethnicity Pay Gap 2023

2023 has been a turbulent year not only for the world and our economy but also for our own business. The mini budget at the end of 2022 sent the world into an economic spiral from early 2023 onwards, with unprecedented interest rate rises that left the market uncertain. The ongoing war in Ukraine continued to impact the world and for us this has slowed down Blackstone's plan to sell both St. Modwen Homes and the Trentham Estate.

Despite all of this, we welcomed over 775 customers into their new homes, signed over 70 leases welcoming customers into our various warehouses of different shapes and sizes, developed 1.3 million square foot of space, and invested almost £1 billion in acquiring more than 7 million square feet of space. We also welcomed over 1 million visitors at Trentham Gardens with over 40,000 people attending Trentham Live and Summer Concert Music series. This would not have been possible without the commitment and hard work of our employees.

This is the sixth year of reporting our gender pay gap and the third year that we are voluntarily reporting our ethnicity pay gap. We have continued to be recognised for our D&I work, being shortlisted for three coveted awards:

- Construction News Awards D&I Excellence Award – Finalist
- Property Week IWIP EDI Team of the Year – Highly Commended
- HR Excellence Awards Best D&I Strategy award – Shortlisted.

We are also pleased to report improvements in all of our gender pay gap figures. Whilst our ethnicity pay gap has increased from a minus figure to a small positive, due to the ethnic minority leavers during this period being paid on average a higher hourly rate than that of our mean, but also higher than the average of the ethnic minority joiners, the figures are still comparatively low.

Despite noticeable improvements in most areas, we still recognise that there is much to do. The property and housebuilding sectors continue to be male and white dominated. Ethnic representation in our sector is likewise challenging, albeit the % of ethnic minority colleagues in our workforce is higher than the % of those from an ethnic minority background in our UK population. Our ongoing D&I focus ensures this continues to be a significant priority for us.

The announced changes to our business with the management of our Logistics assets moving to another Blackstone portfolio company – Industrials REIT – on 1 July 2024, will see changes to our gender and ethnicity gaps in the coming years. However, everyone that works for St. Modwen – whichever part of our business they work in and at whatever level – can be confident that we will continue to provide equal reward, opportunity, and support.

The details of our pay gaps and the explanatory narrative are referenced on the coming pages.

Sarwjit Sambhi
Chief Executive



Understanding our gender pay and bonus gap figures.

The pay gap:

The primary underlying cause of our pay gap remains, as in previous years, the smaller number of senior women employed in our business. However, as a reflection of the effort and positive changes that we continue to make, our mean, as in previous years, has reduced again to its lowest level of 25.9%. This is 25.7% lower than it was in the first year of reporting- almost halving since we started reporting. The median pay gap has also reduced this year reducing a total of 8.3% (37.5% in 2017 – 29.2% currently)

The gender split is relatively balanced at lower levels, however, in middle and senior management roles, which carry higher rates of pay, we continue to have a much greater number of men than women. This is demonstrated by the pay quartile data to the right and explains why we still have a gender pay gap. Positively however, we have increased the number of women in the upper quartile by 14.1% since we first reported in 2017.

The bonus gap:

The mean and median gap reflects the lower numbers of women in the upper and upper middle quartiles where bonus payment percentages are substantially higher than in the lower middle and lower quartiles.

Gender

Mean

25.9%

(27.2% in 2022, 30.7% in 2021, 34.7% in 2020, 38.8% in 2019, 44.4% in 2018 and 51.6% in 2017)

Median

29.2%

(32.1% in 2022, 39.4% in 2021, 36.9% in 2020, 38.3% in 2019, 35.7% in 2018 and 37.5% in 2017)

Bonus

Mean

35.1%

(50.1% in 2022, -44.8% in 2021, 54.8% in 2020, 69.2% in 2019, 75.5% in 2018 and 72.8% in 2017)

Median

38.9%

(42% in 2022, 0% in 2021, 43.2% in 2020, 48.4% in 2019, 57.6% in 2018 and 70.0% in 2017)

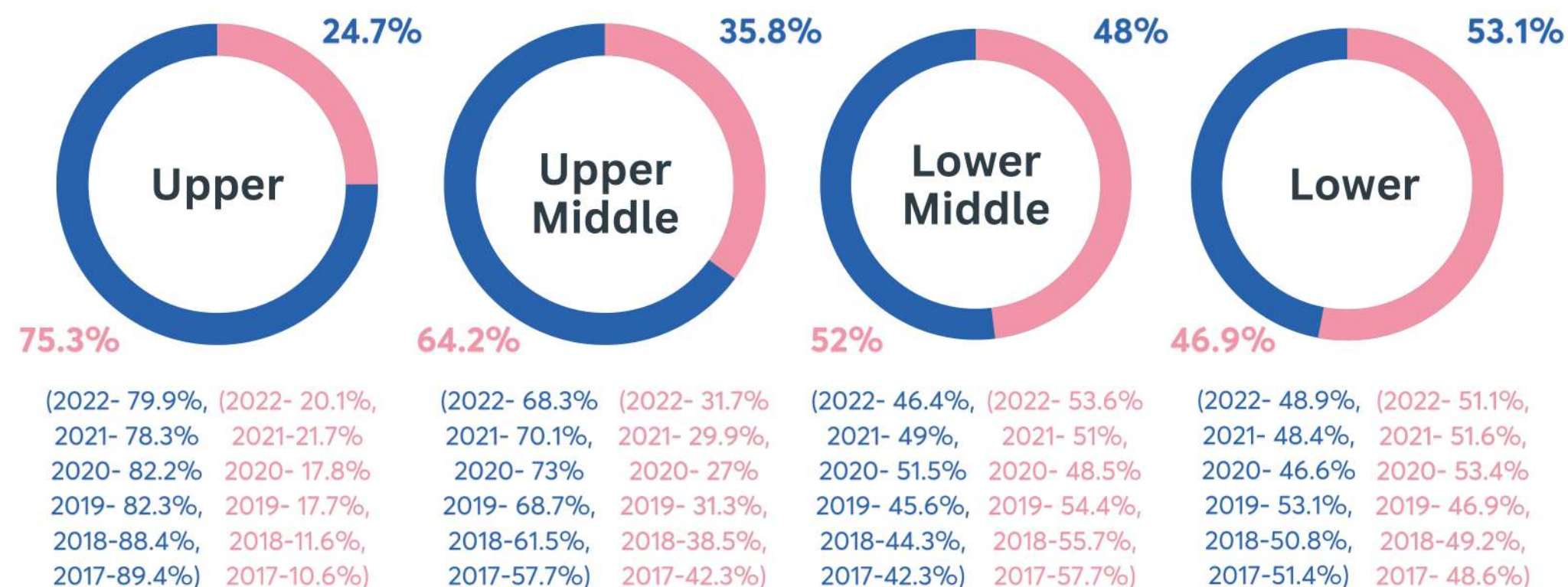
Proportion of men who received a bonus

83.1% (75.7 in 2022, 90.3% in 2021, 77.5% in 2020, 78.4% in 2019, 80.8% in 2018 and 77.4% in 2017)

Proportion of women who received a bonus

79.8% (73.4% in 2022, 88.6% in 2021, 78.5% in 2020, 81.6% in 2019, 80.3% in 2018 and 78.9% in 2017)

Proportion of employees in each quartile pay band



How It Works

What is the gender pay gap?

A gender pay gap is a measure of the difference in the average pay of men and women, no matter what their role is, across an organisation. The gender pay gap is not the same as equal pay. Equal pay deals with men and women being paid equally for carrying out work that is the same, equivalent or of equal value.

The mean and median figures

Using hourly pay rates, we have calculated the mean and the median gender pay gaps. We have also calculated the proportion of men and women receiving a bonus and the mean and median bonus gap. We recognise that both our gender pay and bonus gaps remain high but have reduced significantly since we first started reporting.

The primary reason for this is set out above and is due to the significant number of men in our upper quartile and in the senior positions. We are committed to continuing to take steps to address this and improvements have been made, but to get to a point of a much smaller or no gap will take time. We welcome views from our employees on what other initiatives we can put in place to help address our gender pay gap.

Pay band calculation

We calculated the average hourly rate of pay for all male employees and we did the same for all female employees. (i.e. to work out the male employees average rate we added up their hourly pay and divided this by the number of men in scope. We did the same with women). The mean gender pay gap is the difference in the two average hourly rates of pay expressed as a percentage. Hourly rates include bonus payments.

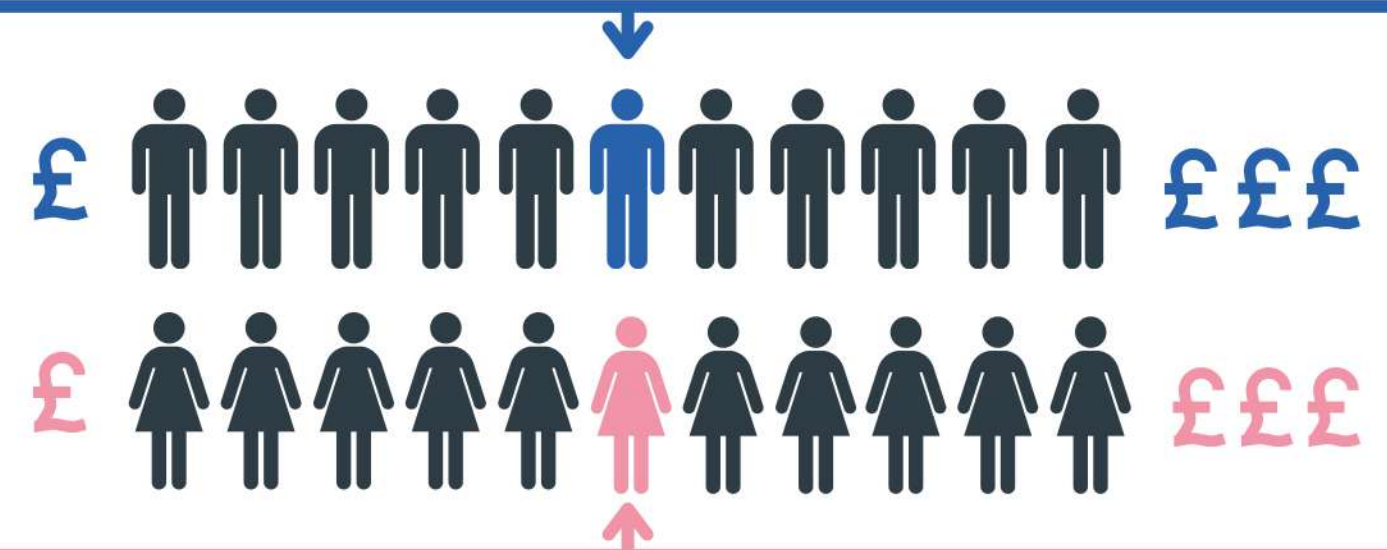
How do we calculate these?

Mean pay gap

We ordered all employees by their hourly pay rates and divided this into four bands, containing equal numbers of employees, to establish the four pay bands (quartiles). The number of men and women in each pay band was calculated and then expressed as a percentage, e.g. women make up 24.7% of the upper quartile and men 75.3%. In the lower middle and lower quartiles, you will see that representation is far more equal.

Median pay gap

If we were to line up all our female employees in order of lowest hourly rate of pay to the highest and did the same with our male employees, the median gender pay gap is the difference in pay between the female and the male employees who are right in the centre of their respective lines.



Understanding our ethnicity pay gap figures

ethnicity pay gap

Mean
4.5% (-9.1% in 2022, -5.7% in 2021)

Median
18.8% (8.8% in 2022, 3.3% in 2021)

bonus pay gap

Mean
-43.1% (-36.6% in 2022, -5.7% in 2021)

Median
24.9% (39.8% in 2022, 3.3% in 2021)

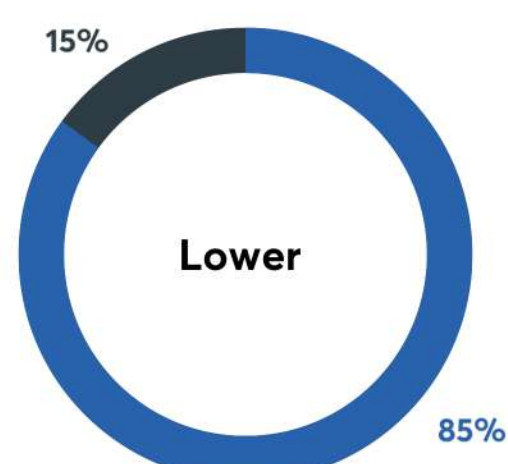
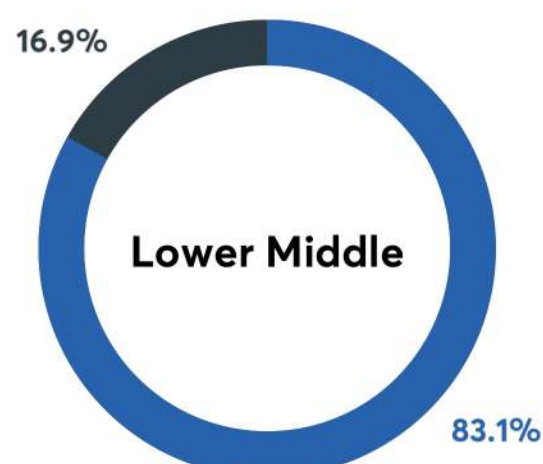
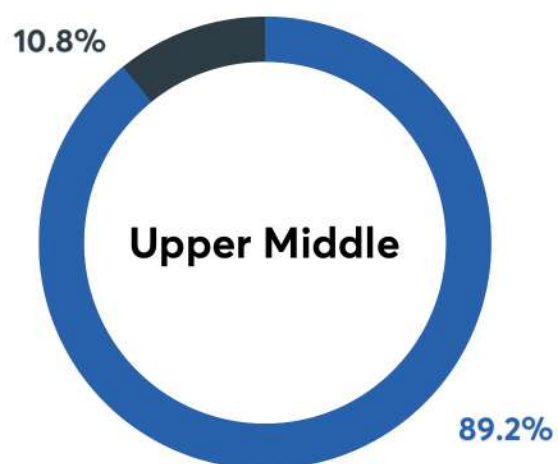
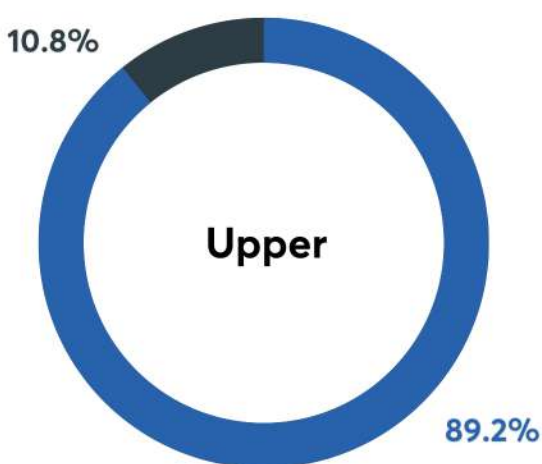
Proportion of ethnic minority employees who received a bonus

66.7% (61.5% in 2022, 77.1% in 2021)

Proportion of white employees who received a bonus

83% (74% in 2022, 89.5% in 2021)

Proportion of employees in each quartile pay band



(2022-90.9% (2022-9.1%
2021-91.2%) 2021- 8.8%)

(2022-93.3% (2022-6.7%
2021-91.1%) 2021- 8.9%)

(2022-86.6% (2022- 13.4%
2021- 92.6%) 2021- 7.4%)

(2022- 90.9% (2022-9.1%
2021- 89.6%) 2021- 10.4%)

Ethnicity Pay Gap

The pay gap:

Our mean ethnicity pay gap represents a 13.6% increase on last year and the median 10%. However, both gaps still show there is minimal difference between what our white and ethnic minority employees are paid. The increase/decrease in the median ethnicity gap is due to the fact that ethnic minority leavers during this period being paid on average a higher hourly rate than that of our mean but also higher than the average of the ethnic minority joiners.

The 'white' category encompasses all white employees: white British, Irish, European and other. Out of the 715 employees included in the pay gap calculations, we have ethnicity data for 665 (93%). - an increase on last year. The remaining employees have chosen not to provide their ethnicity data. In terms of the figures, these are calculated in the same way as the gender pay gap but only based on the number of employees who provide their ethnicity data (665 employees) this is backed up by totalling the number of employees across all the EPG quartiles.

The ethnicity split in all quartiles is relatively consistent. The overall percentage of ethnic minority employees at the time of reporting was 15.5%. It is currently 19%, ahead of the UK average population of 14.4% and ahead of our 2025 aspirational target.

The bonus gap:

The bonus gap narrative is the same as for the gender pay gap.

Our commitment is to making St. Modwen a more diverse and inclusive place to work and in doing so address our gender and ethnicity pay gap.

We have continued to work on delivering our Diversity & Inclusion Action Plan. Many of our actions are key to addressing the gender pay gap. Over the coming year we will be focusing on six key things that will continue to make a difference:

- 1. D&I Action Plan** Following the substantial changes to the make up of our business, we will revisit our D&I action plan to ensure its continued relevance and impact.
- 2. D&I Awareness** We continue to make D&I awareness training a priority for all employees as well as introducing refresher training for those who have not completed the training in the last 12 months.
- 3. D&I Core to our People Practices** We will review all of our policies and people practices, ensuring they remain competitive and assist in achieving our goals.
- 4. D&I Working Group** We will continue to improve on the work of the D&I working group, ensuring that our events are accessible to all colleagues whether they are based in our offices or on our sites.
- 5. D&I Targets** we will continue to use targets to focus us to improve the % of women and ethnic minorities in our business.
- 6. D&I Recognition** As we did last year, we will continue to benchmark ourselves against other organisations and use events to share our successes, hoping to continue achieving industry accolades as we have done over the last two years.

In Summary

The period of reporting, as in the previous three years, continued to be exceptionally challenging with both internal and external factors impacting our business.

Turnover figures have impacted our overall ability to further improve particularly our gender figures. However, we are pleased with our progress. Despite the challenges to the gender split across our business, the continued improvement in our gender gap and a the continuation of a small ethnicity gap demonstrates our ongoing commitment to improving diversity and inclusion not only in our business but in our sector which as ever has a long way to go to proportionally represent the UK population as a whole. Despite the changes that are facing us over the coming year, we continue to be ambitious, for ourselves and for our employees, with D&I remaining a key priority.

Over the last six years, we have made positive inroads to our Diversity & Inclusion Action Plan. Last year we achieved a 98% completion rate of our D&I awareness training which remains compulsory for all employees as well as including this as part of all colleague's induction. Our D&I working group continues to develop, with higher engagement figures in the variety of events that we commit to each year.

For the first time, in 2023 our D&I representation targets and training formed part of our bonus metrics which all permanent colleagues are eligible for, all of this contributing to the industry recognition with the award nominations and shortlists.

We remain committed to continuing to take positive action to ensure that equality, diversity and inclusion are integral to all that we do and that our people can bring their whole selves to work. I confirm the gender pay gap data contained in this report is accurate.

Becky Cund
Head of People & Culture

