

Gender Gap Reporting

Morleys Stores Group

Our second year

For the second time, all large UK companies employing 250 people or more are required to report on their gender pay gap.

As an employer we welcome this step. We believe that it is important for all companies to be transparent about pay, and that by doing this, progress will be made in bridging the pay gap that exists in the UK today.

Our mean results in the second year have improved from 33.4% to 25.7% however we are still adverse to the UK average of 17.9%, we do however expect that we will make more significant improvements in the coming year, our median result of 10.3% shows decline from 5.7% the previous year and this is due to a decline in the number of men in the lower quartile whilst the number of women have remained the same.

As an organisation, we are always looking to improve and we want our gender pay gap to be lower than it is. Our strategy is always to recruit, train and develop the best people for the job and we launched our new apprenticeship programme where 80% of our cohort were women this has improved the number of women we now have in the upper quartiles where we have shown the biggest improvement to our mean results.

Our Workforce

To help explain the data, it is important to understand a little bit about Morleys Stores. We are a group of 8 Independent Department stores that have grown over the last 90 years through acquisition. Our first store was purchased by our current Chairman's grandfather in Brixton in 1927 and our newest store was opened in April 2017 in Bexleyheath.

We employ around 1000 colleagues and our workforce includes central buying, finance and HR functions as well as our Department Store Teams.

Within Morleys Stores Ltd we also have Morleys of Bicester who are an educational furniture specialist business specialising supplying educational establishments. Bicester has its own MD and supporting structure and employs around 40 people in a number of areas including sales, buying and marketing as well as warehousing and distribution.

Across our portfolio our offer includes fashion and home as well as floorcoverings and furniture. We pride ourselves on our internal delivery fleet of drivers who give a personal touch to our furniture deliveries.

Understanding the gender pay gap

The gender pay gap is a measure of the difference in the average pay of men and women – regardless of the nature of their work- across an entire organisation, business sector, industry or the economy as a whole. It can be driven by the different number of men and women across all roles.

It is different from an equal pay comparison, which would involve a direct comparison of two people or groups of people carrying out the same, similar or equivalent work.



UNDERSTANDING THE GENDER PAY GAP

- HOW ARE THE MEDIAN AND MEAN GAPS CALCULATED?
- Using the calculations set out in the gender pay gap reporting regulations, we have taken pay data from our entire business of just over 1000 colleagues. This data includes many different roles including directors that bring a variety of rates of pay. Imagine a picture where all our female colleagues stood next to each other in one line in order of lowest hourly rate of pay to highest and imagine the same picture where all our male colleagues did the same. The median gender pay gap is the difference in pay between the female colleague in the middle of their line and the male colleague in the middle of their line.
- The other measure is the mean gender pay gap, which shows the difference in average hourly rate of pay between men and women. This is also affected by the different numbers of men and women in different roles. These median and mean calculations are also carried out when comparing bonus pay over a twelve month period. The proportion of men and women awarded any bonus pay over that period is also reported.
- HOW ARE THE PAY QUANTILES CALCULATED?
- In the report we also share the percentage of men and women in each pay quartile. Quartiles are calculated by listing the rates of pay for each colleague across the business from lowest to highest, before splitting that list into four equal-sized groups and calculating the percentage of males and females in each. They should not be confused with the position of colleagues within the pay ranges set for each role.
- These median and mean calculations are also carried out when comparing bonus pay over a twelve month period. The proportion of men and women awarded any bonus pay over that period is also reported.
- WHAT'S INCLUDED IN OUR CALCULATIONS?
- Calculations of mean and median pay and of quartile pay bands are based on data from April 2018 only, including ordinary pay and bonus pay. Ordinary pay doesn't include pay for overtime, pay relating to redundancy/termination of employment, pay in lieu of leave or the value of benefits which are not in the form of money. Bonus pay includes annual profit related bonus, commission and incentives paid. Calculations of mean and median bonus pay use bonus pay from the twelve months ending on 5 April 2018.

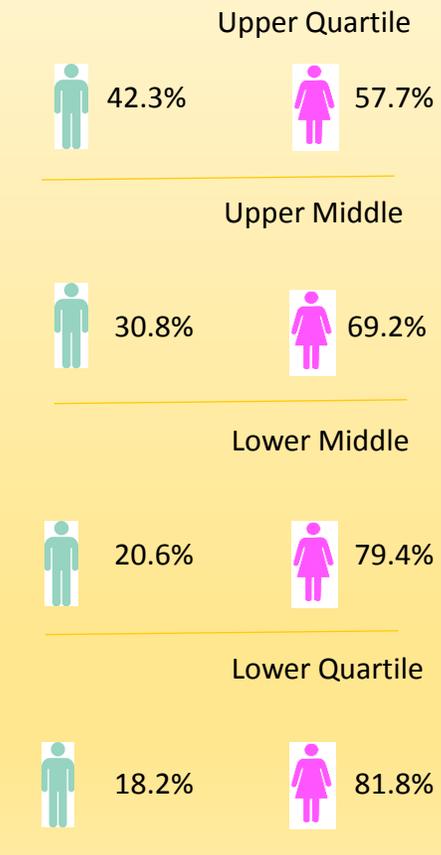
Our Results

Gender Pay – Reported results 2018

	Morleys	Retail Sector	UK
Median Pay Gap	10.3 %	9.1 %	17.9 %
Mean Pay Gap	25.7%	16.4 %	18.1%

	Male	Female
Proportion of colleagues who receive bonus	10.42%	9.72 %
	Median	Mean
Gender Bonus Gap	47.3 %	60.8%

PAY QUANTILES – PROPORTION OF MALE AND FEMALES IN EACH PAY QUANTILE



Understanding the Gender Pay Gap

These factors significantly influence the mean and median Gender Pay Gap;

- The shape of our organisation is a key factor in our Gender Pay Gap, as we have a high proportion of females in entry level roles – where flexible working is more prevalent and we see more women than men wishing to work part-time. Over the reporting year we have seen a decline in the number of part-time male workers and is an area we need to investigate more.
- We still have a higher proportion of men in senior positions – however we now have two more women in senior positions as Buying Director of Home and Head of Marketing.

A number of factors influence the Gender Bonus Pay Gap Figure, including:

- Bonus is measured on actual bonus awarded, not like for like. A high proportion of women work part-time and receive a pro-rata bonus, but there is no adjustment for this in the reported figures, this amplifies our Bonus Pay Gap. Furniture commission is also included which is paid at a higher rate than other sales bonuses, and is in line with the furniture industry average.
- Our furniture business has a higher proportion of men, we have been working to ensure we have a better average and we have recruited more women in the past year which means the split is now 55% men and 45% women.

Actions

- Continuing to focus on departments where gender balance is more challenging, such as logistics and furniture sales.
- Investigate and take action on the continued decline of part-time male workers in the lower quartile.
- Continuing our training and development strategy with particular focus on our degree courses to build our pipeline of women ready to move into senior roles.
- Encouraging an environment where everyone feels comfortable to ask about flexible working.

I confirm that the information contained within this report is accurate.



A handwritten signature in blue ink, appearing to read 'Liz McGowan', on a white rectangular background.

Liz McGowan
HR & Retail Director