

2021 GENDER PAY GAP



This has been an exciting and equally challenging year for our business. COVID still continues to influence our lives, but we have much to be proud of. As a business, we have achieved an enormous amount over the last 12 months, including our change of ownership to Blackstone. This would not have been possible without the commitment and hard work of our employees.

This is the fifth year of reporting our Gender Pay Gap and the first year that we are voluntarily reporting our ethnicity pay gap. We made the decision to publish our ethnicity pay gap in line with our commitment to achieving the National Equality Standard by 2025.

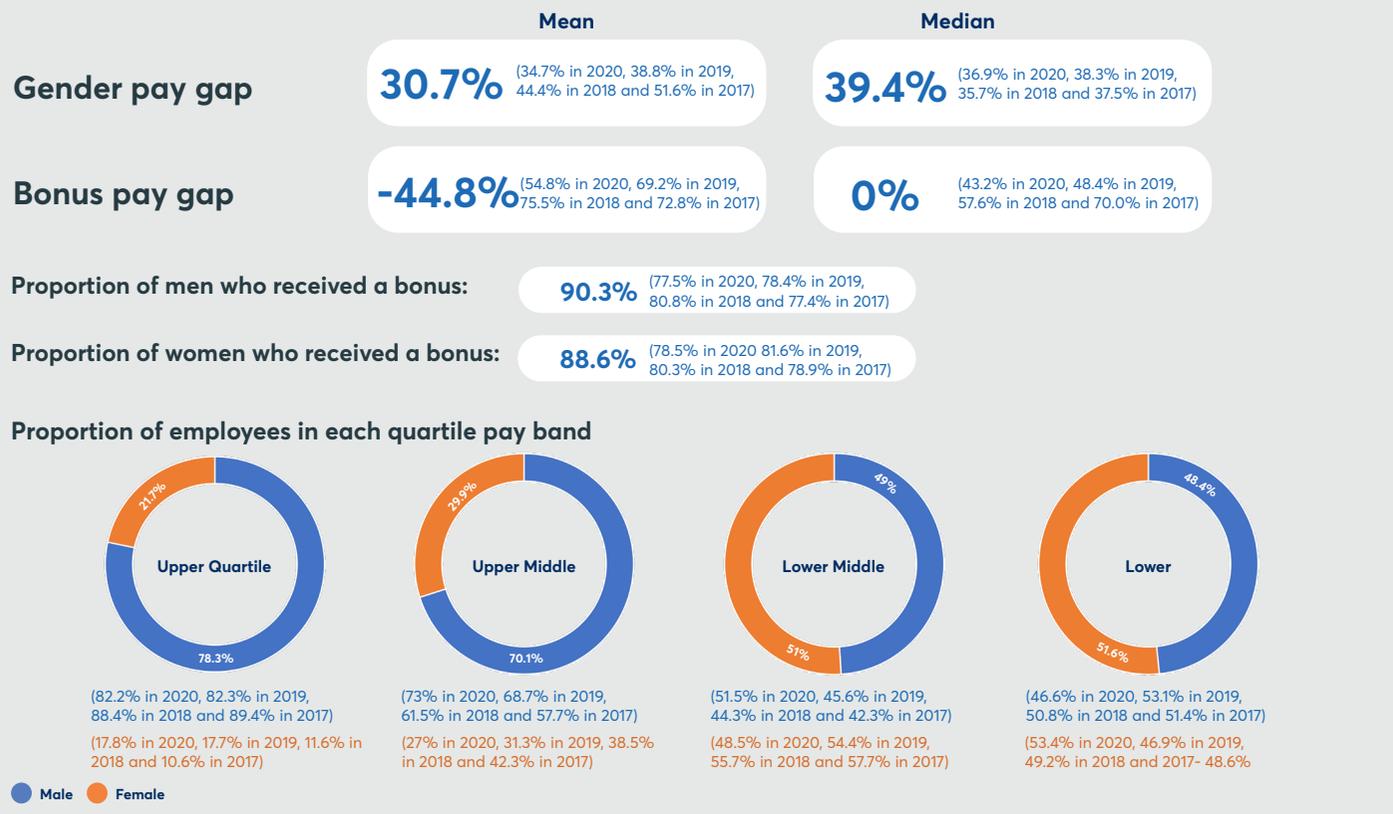
We have made some significant progress over the last 12 months to move forward on our commitments to D&I, most significantly in the setting and monitoring of D&I targets and delivering awareness training to over 95% of our line managers.

The property and housebuilding sectors as a whole have historically been male and white dominated. As in previous years, our gender pay gap figures continue to reflect this, however, we are pleased to report a significant improvement in our mean figure this year.

Ethnic representation in our sector is likewise challenging. We are however encouraged by our ethnicity pay gap figures.

Everyone that works for St. Modwen can be confident that they enjoy equal reward, opportunity, and support. The steps we have been taking and our ongoing future plans are detailed in the next pages.

Sarwjit Sambhi, Chief Executive



Understanding our 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 have made, our mean has reduced to its lowest level of 30.7%. The median pay gap remains largely unchanged, the difference being in relation to the impact of new starters and leavers in the defining of the median point.

The gender split is relatively balanced at lower levels, however, in middle and senior management roles, which carry higher rates of pay, we have a greater number of men than women. This is demonstrated by the pay quartile data above. We have, however, seen an increase in both the upper and upper middle quartiles of women by 3.9% and 2.9% respectively.

The bonus gap: Due to the COVID pandemic, standard bonus payments (usually included in our pay bill) were not paid in the financial year 2019-2020. The figures reported therefore predominantly represent sales commission which continued to be paid. As our sales workforce is predominantly female, this has led to the negative mean bonus gap.

The median bonus gap is 0% due to a one off thank you payment of £500 given to all employees (excluding the Executive Committee) in December 2020. The proportion of men and women who received this payment is simply a reflection of employees in post on 1st December 2020.

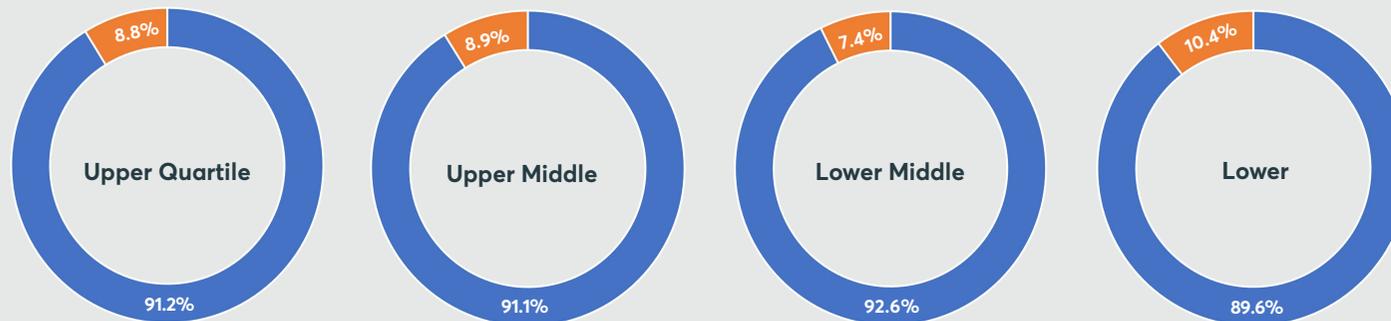
ETHNICITY PAY GAP

	Mean	Median
Ethnicity pay gap	-5.7%	3.3%
Bonus pay gap	70.0%	0%

Proportion of white employees who received a bonus: **89.5%**

Proportion of ethnic minority employees who received a bonus: **77.1%**

Proportion of employees in each quartile pay band



● White employees ● Ethnic minority employees

Understanding our ethnicity pay gap figures

The pay gap: We are pleased to report that our mean ethnicity pay gap is -5.7% and the median 3.3%, showing there is minimal difference between what our white and ethnic minority employees are paid. It is based on the same data as the Gender Pay Gap calculations. The 'white' category encompasses all white employees: white British, Irish, European and other. Out of the 628 employees included in the pay gap calculations, we have ethnicity data for 541 (86%). The remaining employees have chosen not to provide their ethnicity data to us. In terms of the figures, these are calculated in the same way as the Gender Pay Gap, but are only based on the number of employees who provide their ethnicity data (541 employees).

The ethnicity split in all quartiles is relatively consistent, however, remains low overall. Our D&I targets set at the beginning of 2021 include an aim to achieve 14% ethnic minority representation by 2025.

The bonus gap: The sizable bonus gap is simply a reflection of the number of ethnic minorities working in our sales function (just 2%). Therefore, as sales commission continued to be paid and annual bonuses were not the gap is to be expected.



This period of reporting was an incredibly challenging time for our business. It again demonstrates just how exceptional our people are and the impact that they have in making our business so successful.

We are ambitious, for ourselves and for our employees. We want St. Modwen to be a place of inspiration, advancement, and recognition for everyone who works, or wants to work for us. Our aim is to be the best employer we can be.

We have continued to respond to the challenges COVID-19 presents, improving communication to our employees and ensuring our commitment to agile working. In addition, we have updated our action plan in line with the recommendations made by an initial audit from the National Equality Standard. There remains no 'quick fix' to close the gender pay gap. However, we remain absolutely committed to taking positive action to ensure that equality and Diversity & Inclusion are integral to all that we do.

I confirm the gender pay gap data contained in this report is accurate.

Jane Saint, Group HR Director

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

We have continued to work on delivering our long-term Diversity & Inclusion Strategy and Action Plan, the latter was updated against a review by Ernst and Young of the National Equality Standard in January 2021. Many of our actions are key to addressing the gender and ethnicity pay gaps. As with previous years, our commitments are focused across five key areas.

Building on our previous commitments, we have taken the following action:

1 RECRUITMENT AND PROMOTION

- D&I is now considered at each stage of our resourcing process from attraction through to induction. This has also been aligned to the National Equality Standard.
- The second phase of our HR Information system was rolled out enabling us to monitor and track each stage of the resourcing process with specific Key Performance Indicators relating to Diversity.
- At the point of reporting, our Executive committee had a 37.5% female representation. In the previous reporting year, this was 12%.

2 IMPROVING AND INTRODUCING NEW POLICIES

- Agile working was rolled out across the business through line manager upskilling and all employee workshops.

We continue to do more. Our priorities include:

- Further development of our resourcing practices to ensure that we continue to increase our employee diversity.
- We have made a commitment to increase diversity not only in our wider workforce, but also in our early career's intake. We are aiming to ensure that 75% of our intake is female and that 50% of our intake is of ethnic minority background. This will provide us with a strong, diverse pipeline for the future.

- Working with agile working experts we will continue to enhance agile ways of working in construction.

- Enhancement of our Group Induction process ensures that all new employees understand the importance St. Modwen places on Diversity & Inclusion.
- Diversity & Inclusion awareness training has been completed by 95% of our line managers resulting in an average 20% positive shift in understanding of importance of D&I.
- Core and leadership competencies outline the behaviours expected of employees to ensure Diversity & Inclusion.
- We introduced a new recognition platform- 'aWEsome' that enables us to recognise our values including our commitment to D&I.
- Following the success of the line management D&I Awareness training, this will be rolled out to all employees in 2022. Refresher training will also be completed for all line managers to ensure everyone is up to date.
- Our onboarding will introduce our D&I expectations to all new employees.
- Our 2022 business metrics (issued to all employees) as part of our Performance Development framework, will recognise achievement in D&I.

3 DEVELOPING OUR DIVERSITY & INCLUSION STRATEGY

- The review of our Diversity & Inclusion Strategy and Action plan by the National Equality Standard supported us to refresh our strategy and action plan.
- D&I targets have been set across the business for both gender and ethnicity and we are making good progress against these.
- Our Diversity & Inclusion Working Group have been proactive in enabling us to support the celebration of key events in the D&I calendar such as International Men and Women's Day, International Non-Binary Day and Black History Month.
- The launch of a D&I champions programme will support the D&I working group in increasing awareness and accountability for D&I across the business.
- We will continue to review our D&I targets to ensure alignment with our strategy.
- Following a very successful pilot, we are now rolling out a mentoring programme with members of our Early Careers programme, specifically targeting females and those from an ethnic minority background. Feedback from this scheme will inform further enhancement of the strategy.

4 GROWING TALENT FOR THE FUTURE

We recognise the importance of increasing Diversity & Inclusion through developing talent and ensuring succession for the future from a more diverse talent pool.

- Since the launch of our St. Modwen Academy, which supports employee development, many managers have benefited from our People Management and Leadership Development programmes with 35 additional managers completing the People Management programme in 2021. Both programmes include Diversity & Inclusion awareness throughout.
- 24 women have benefited from our Women in Leadership programme.
- The St. Modwen Academy has been enhanced through our new Workday Learning module, providing a one stop shop for all employees to access learning.
- We have continued to strengthen our partnerships this year and have upgraded our membership with Women into Construction to 'platinum' to build our future pipeline of young women into our business. Our increasingly developed relationships with Ahead Partnership and Burton and South Derbyshire college are supporting us to achieve our D&I and Education & Future Skills ambitions.
- We have launched an online community for anyone interested in the construction sector as a career across Instagram, LinkedIn and Facebook using the hashtag #stmodwenbuildingbetterfutures. This has achieved over 1000 new followers, 14,562 engagements and 256,982 impressions since the autumn.
- In 2022 further cohorts will continue to benefit from all of our programmes.
- An Early Careers scheme will be introduced in 2022. This will focus on recruiting a diversity of candidates.
- We will continue to roll out our talent and succession framework giving us the opportunity to identify and support employees with potential.
- The St. Modwen Academy, supported by our new Workday Learning module, continues to provide a one-stop-shop for all employees to access learning as they need it.
- We will launch the St. Modwen Foundation - a charitable organisation formed to encourage disadvantaged and diverse young people into our sector through education, educational bursaries and employment opportunities.
- We will also launch a Children in Care and ex-offenders recruitment programme both designed to give access to our sector to groups of people who would otherwise perhaps find it very challenging to enter the workforce.
- Working with Burton and South Derbyshire College we will be piloting an education and innovation centre to attract younger students to our industry showcasing the many skills required and careers on offer.

- We continue to support apprenticeships and trainees with 48 employees in Early Careers roles across our business.
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5 IMPROVING COMMUNICATION

- Our third employee engagement survey took place in March 2021 with an 85% completion rate. 83% of our employees felt we positively promoted D&I - 11% above the industry average and 5% above the high performing norm.
 - Communication has significantly improved to support Diversity & Inclusion. We launched our Employee Voice Groups, - with diverse representation from every part of our business strengthening the employee voice to influence company activity. Company-wide communications have highlighted important subjects such as Black Lives Matter and International Women and Men's Day.
 - Our first Health & Wellbeing survey provided us with real insight. Subsequent action being: mental health awareness and training for 30% of our line managers, financial advice sessions, menopause awareness sessions and the introduction of discounted gym membership.
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- Our refreshed engagement plan will see the launch of new communication tools such as 'Yammer' improving two way and instant communication.
 - Work focused on reviewing our employer brand will also encompass enhanced communication to existing and future employees.
 - We will participate in the MIND Wellbeing Index to give us further insight into our employees' health & wellbeing.
 - All of our managers will receive Mental Health Awareness training in addition to our existing mental health first aiders.
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