

carpetright

Gender Pay Gap Report 2023



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01 Introduction

It is important for me to begin by stating that at Carpetright we take our responsibility to create an organisation and a culture where there is fairness and equality very seriously. We aim to attract, recruit, develop and retain colleagues through promoting inclusion, treating our people with dignity, respect and care, regardless of difference.

It is not just about gender equality which this report sets out to describe, but we aim to make a positive difference to the working environment we create for all of our colleagues, regardless of colour, creed, disability, full or part time status, gender, relationship status, nationality or ethnic origin, religion, race, or sexual orientation.

This report showcases our commitment to equality, diversity and inclusion and I am pleased to report that we continue to make positive steps to close the gender pay gap in our business.

Our gender pay gap has remained the same compared to last year. There have been unprecedented external challenges - economic, social and political - and at a time when there is war for talent, I feel very proud of this.

I am also pleased to report that the additional earnings gap is closing, with a significant improvement in the balance of bonus payments between men and women. This means that the work we have done to improve our pay frameworks is starting to have a positive impact as it sets out to create greater fairness with regards to pay and earning potential.

Finally, we continue to seek to understand how we fare with regards to gender pay compared to other organisations both in and out of the Retail sector and our involvement with the British Retail Consortium (BRC) helps us do this. We remain committed to contributing to the BRC's Diversity & Inclusion Charter as we share our organisational and demographic data along with many other leading retailers- which gives us valuable and actionable insight.

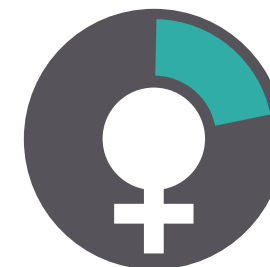
We are very happy to report that we continue to remain ahead of UK national averages for both within and outside of the Retail sector for both mean and median gender pay gaps.

Kevin Barrett
CEO - Nestware
Managing Director - Carpetright



24%

of our leadership roles
are filled by women




29%


of our executive
committee are women
↑ a significant improvement
up from 17% in 2022

1,962

↓ a reduction in our
workforce down
from 2,140 in 2022

Relevant UK & NI employees

 68%
male

 32%
female

– Same as 2022

02 Our Gender Pay Gap

Our mean gender pay gap is **+5.50%** and our median gap is **+3.50%**, which broadly means that men across our organisation are earning more than women, but with an improvement from 2021/2022 of **+1.5%** from **+7.0%** for the mean and **+2.0%** for the median from **+5.50%**. Later in the report, we will explain the reasons this is the case.

I am pleased to see that these figures are more in keeping with the pre-pandemic numbers and it gives me confidence in the continued work we are doing with our pay framework and pay principles, that it is making difference to our colleagues and is contributing to reducing the gender pay gap.

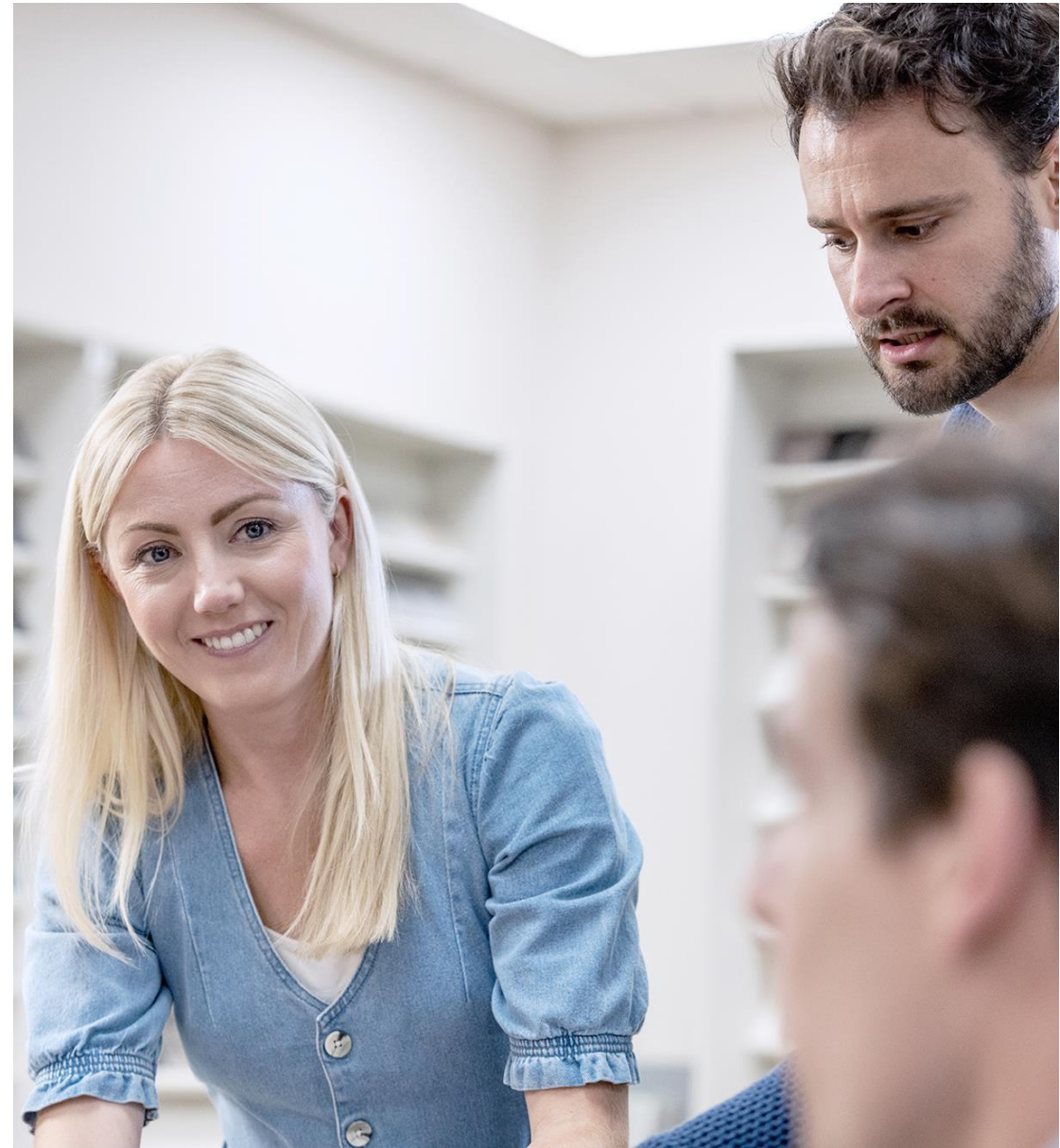
As mentioned, it is good news that we continue to be in a more favourable position with regards to our gender pay gap than the UK norm and Retail sector for both mean and median, including an improvement of **+8.3%** from more women receiving bonus payments in 2022 compared to the previous year from **+76.9%** to **+85.2%**.

Furthermore, even with our pay gaps reducing, we recognise that over the last couple of years with the rising cost of living, it has been tough for our people and looks like it will continue to be challenging financially for many, for some time to come. We were fortunate to be able to pay all our colleagues in Head Office a one-off financial support bonus in 2022 to help reduce some financial burdens at this time.

We remain committed to our ambition of being a great place to work, of which creating an environment where our colleagues can thrive in their roles and can grow their careers if they wish, is just as important now as it has ever been, and as a business we continue to work hard to enable this to happen.

We have introduced a number of incentives detailed later in this report that demonstrate our commitment to our people, attributing to positive progress with our gender pay gap, from wellbeing focused initiatives including mental health and menopause, to an ongoing focus on listening.

Rachel Wheeler
HR Director



03 Gender Pay Gap Explained

What is the gender pay gap?

The gender pay gap is a measure of the difference between the average earnings of men and women across an organisation, regardless of the nature of their work.

The gender pay gap is not the same as equal pay, which relates to men and women being paid equally for equal work.

Gender pay gap calculations are based on our payroll data drawn on 5th April each year.

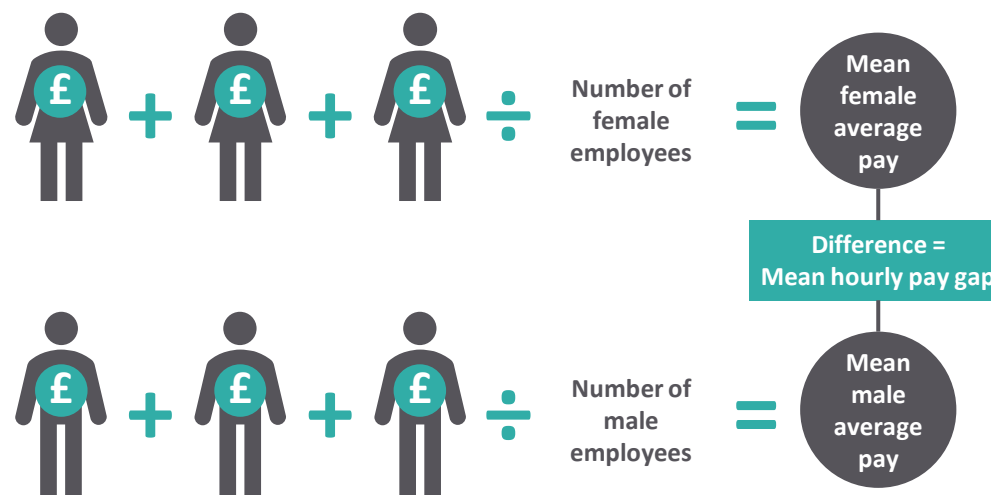
How do we calculate the mean and median gap?

The mean gender pay gap is the difference in average hourly rates of pay that male and female employees receive. To calculate the mean figure, we take the average hourly rates of pay and divide by the total number of relevant employees.

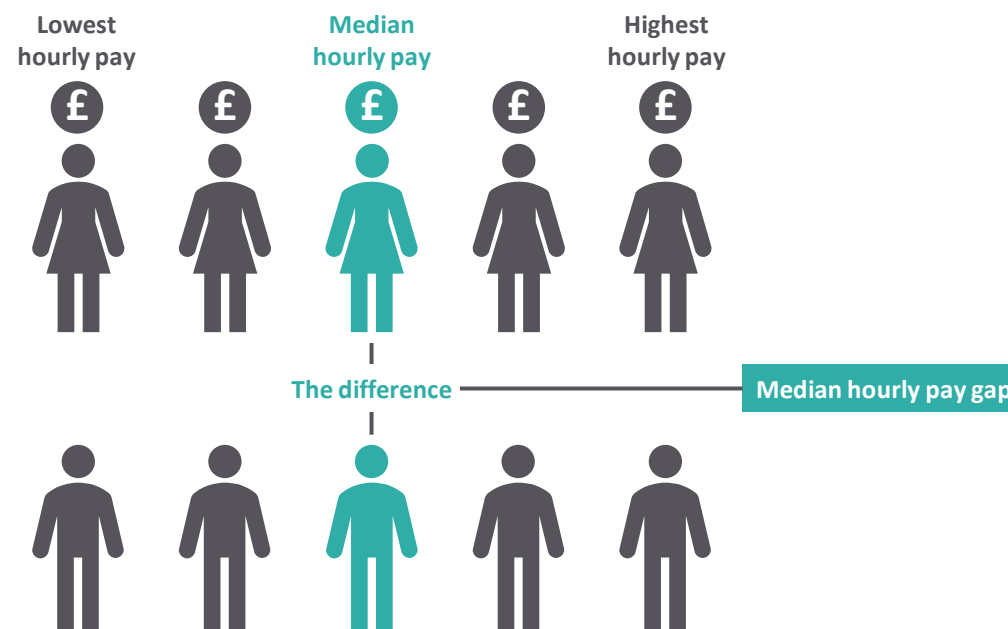
The median gender pay gap represents the middle point of a population. If you put the ranges of hourly pay for individual men and women in order from lowest to highest, the median pay gap is the difference in hourly pay for the middle woman compared to the middle man.

The same mean and median calculations are applied to bonus pay for men and women.

How we calculate the mean gap



How we calculate the median gap



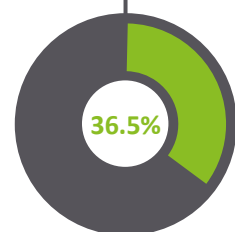
04 Our Numbers

These numbers show our overall gender pay data across the organisation for:

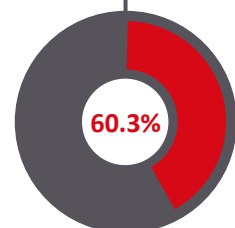
- Pay overall (mean and median)
- Bonus payments
- Bonus eligibility
- Quartile data.

Carpetright UK & Northern Ireland	
% male/female employees	68% / 32%
Mean gender pay gap	+5.5%
Median gender pay gap	+3.5%
Mean bonus pay gap	+36.5%
Median bonus pay gap	+60.3%
% male/female receiving bonus	85.4% / 85.2%
Upper quartile (male/female %)	72% / 28%
Upper middle quartile (male/female %)	71% / 29%
Lower middle quartile (male/female %)	63% / 37%
Lower quartile (male/female %)	69% / 31%

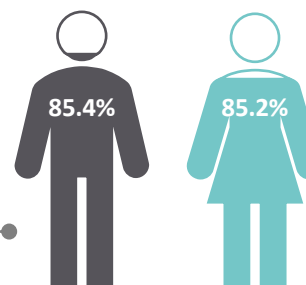
mean bonus pay gap



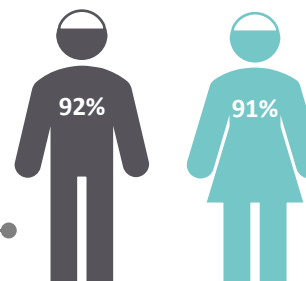
median bonus pay gap



% receiving a bonus payment



% eligible for receiving a bonus payment

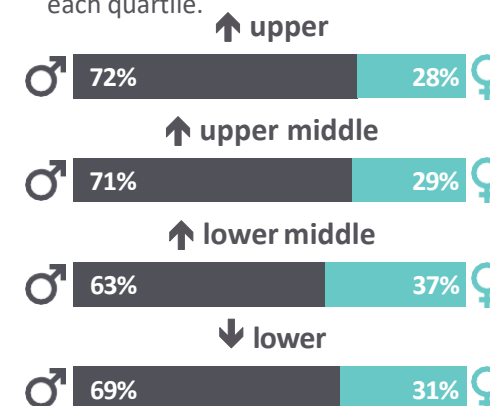


	Carpetright	UK	Retail
Mean	+5.5%	+13.2%	+13.5%*
Median	+3.5%	+14.3%	+7.3%

*Based on provisional Gender Pay Gap 2022 data from the Office of National Statistics

Population by pay quartiles

Quartiles represent the pay rates from the lowest to the highest for our relevant employees split into four equally sized groups, with the percentage of men and women in each quartile.



04 Understanding our results

Why do we have a gender pay gap?

Our mean gender pay gap is **+5.5%**, sitting at almost a third of that of the UK national average mean figure of **+13.2%**. Our median gender pay gap is **+3.5%**, also sitting very well below the UK median of **+14.3%**.

We are also more favourable compared to the rest of the Retail sector by **+8%** for the mean which is sitting at **+13.5%** and **+3.8%** for the median which is at **+7.3%**

Our gender pay gap can be attributed to a few key factors, as covered below:

- Despite our stability in the overall male/female split, we still have a much higher number of men than women across all levels of our business. **36%** of the women working at Carpetright work part-time, compared with **17%** of men
- Shortages in some areas of specialist skills have driven up salaries during recruitment and some of these areas, for example, IT & Digital have been more male dominated in terms of applicants (and thus appointments).

Our bonus pay gap

Our mean bonus pay gap is **+36.5%** and our median bonus gap is **+60.3%**. We are pleased to see that some of our pay framework changes have positively impacted the bonus gap, with the mean bonus gap being the lowest it has ever been. For reference, these calculations are based on typical 'bonus' payments including any additional pay such as commission payments, monthly store bonuses and annual bonuses. Our median bonus pay gap is explained by a higher proportion of men earning greater bonuses linked to performance.

Some other important points to highlight in relation to this:

- We have significantly more men than women working in our stores, and therefore more males were in receipt of commission and monthly store bonus payments
- Whilst every store colleague is entitled to the same level of base pay for their role, the commission and bonus elements they earn will vary depending on individual performance and hours worked. With more than double the amount of our women working part-time than their male counterparts, it follows that as a collective group, women are earning less in bonus payments.

In respect of overall eligibility for bonus, given we introduced a new reward scheme and amended our pay framework, which overall is having a positive impact on our gender pay gap, this has had an impact on bonus eligibility*. A number of key roles are now paid an 'all-inclusive salary' with a higher basic rate of pay. This has had an impact on both men and women's bonus eligibility.

*We do not currently offer Store Support Office colleagues (Head Office) a bonus opportunity.



Our quartiles

We are pleased to report improvements to our quartile data for in all bar one quartile, the lower quarter, but we saw improvement elsewhere.

05 Closing our gap

01 Recruitment & progression

We believe there is value added to our business because of the different perspectives, attributes, and experiences that individuals bring and with the aim of reflecting our customer base, we have continued try to attract a diverse as well as, a more gender balanced workforce. We have reviewed our job adverts and employer branding collateral to ensure they are not over-indexing in words or images that are more attractive to men than to women.

We have continued to use social media (e.g. LinkedIn) to highlight our commitment to offering opportunities to females by showcasing opportunities for flexibility, training and progression.

When recruiting for senior and executive roles, we actively encourage our search partners to present females as part of the shortlist. We are pleased that this year this has resulted in a female appointment to an executive leadership position, not only improving the gender balance at this level but providing another female role model for our colleagues. We continue in our partnership with Working Mums and use their website to attract females into our business via job adverts and editorial pieces.

As well as our work to encourage more females to apply to roles within our business, we continue to work in partnership with other organisations to highlight our openness to diversity e.g. attracting older workers via the targeted website **Rest Less** www.restless.co.uk.

We encourage existing colleagues to visit our online careers hub for progression opportunities. Here, any individual who is looking for their next step can apply for suitable roles as they become available.

02 Our policies and ways of working

We are continually reviewing and evaluating our HR policies and ways of working to ensure we are being as open and as inclusive as we can. In relation to our policies on pay and to ensure equality of pay, we have pay rates set for each job role so that gender is not a factor used to determine the rate of pay a colleague receives.

In 2022, we confirmed our hybrid working arrangements to those colleagues working in our Store Support Office (Head Office). The balance of being able to work from home 2 / 3 days and the rest in Head Office has landed well *based on a full-time working week. We remain attractive to all genders (seen through our recruitment data) and this working arrangement enables our Head Office colleagues to balance their professional and personal lives.

05 Closing our gap

03 Supporting national campaigns and external relationships

As one of the founding signatories to the British Retail Consortium's Diversity and Inclusion Charter and as part of our commitment, we have continued to contribute with our demographic data towards their report on Diversity and Inclusion, which is due for publication over the forthcoming months. We will look to take any valuable data and insights and build it into our future people plans.

Over the next year we will be focusing on getting more involved in BRC activities such as forums to discuss key issues impacting our sector and our people.

We have increased our internal communication and promote important awareness days and events to help support and educate our people. We have dialed up our focus around men's & women's health for example as we start to leverage our relationships with our external partners such as Retail Trust and next year, we plan on launching our Charity partnership with Mind, who will also support us with tools and resources to support our colleagues with their mental health specifically.

With a focus on women's health, albeit it is open to all to get involved, we have launched a programme of work to support women with menopause. The power of this is that it was initiated by one of our female colleagues who was compelled to start talking about what might be considered as a taboo subject based on her own, lived experience. It also aims to support leaders to support their female colleagues going through this stage of life. Our resources and support include a menopause café (community), and a series of guides and materials.





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