

## Gender pay gap report 2017

### Introduction

At Baxi Heating our mission is to create lifetime customer loyalty and our ambition is to lead the market in smart heating solutions. We believe that our success is dependent on our ability to attract, retain and motivate people from as diverse a pool as possible, reflecting the markets in which we operate.

Five years ago we introduced our company values as part of a culture change programme. Our values underpin all our activities and form the basis of an inclusive culture that supports diversity.

The programme to embed our values has included positive action to address the under representation of women at all levels in the business. It will take time for these actions to translate into our gender pay gap figures; however we can demonstrate significant progress over the past few years particularly at our senior leadership level. We fully expect our pay gap to close progressively over the coming years.

### Calculating our pay gap

The gender pay gap shows the difference between average earnings of men and women. This is different to equal pay, which deals with the pay differences between men and women who carry out the same jobs or work of equal value.

The gender pay gap is designed to reflect the opportunities for women to progress to senior roles in the organisation and the UK average median gender pay gap is 18.7%.

### Mean pay gap

The individual hourly pay rates for all men are added together and divided by the number of male workers to get the mean hourly pay rate for men.

The individual hourly pay rates for all women are added together and divided by the number of female workers to get the mean hourly pay rate for women.

The difference between these two rates is the **mean hourly pay gap**.

### Median pay gap

The individual hourly pay rates for all men are ranked in order and the rate in the middle of this list is the median hourly pay rate for men.

The individual hourly pay rates for all women are ranked in order and the rate in the middle of this list is the median hourly pay rate for women.

The difference between these two rates is the **median hourly pay gap**.

## Our pay gap

% male/female employees	77.8% male	22.2% female
Mean gender pay gap	18.4%	
Median gender pay gap	30.7%	
Mean bonus pay gap	57.7%	
Median bonus pay gap	79.0%	
%males/females receiving a bonus payment	53.2% of men	42.2% of women

	Male	Female
Upper quartile	85.5	14.5
Upper middle quartile	89.0	11.0
Lower middle quartile	78.3	21.7
Lower quartile	58.4	41.6
%males/females receiving a bonus payment	53.2% of men	42.2% of women

## Analysis of our pay gap

There are 1,400 employees in our Baxi Heating UK business. This number includes 17 colleagues who work for our parent company based in the Netherlands. Our business activities cover manufacturing & assembly, sales & distribution and aftersales service & support throughout the UK. 22% of our total UK workforce is female.

Our median gender pay gap is 30.7%. This reflects that fact that there are a higher proportion of women in our contact centre and assembly operations, whereas we have a higher proportion of men in sales and engineering roles. In general sales and engineering roles sit at a higher job level than manufacturing and contact centre roles, resulting in a higher hourly rate for men at the median. Men are also more likely to undertake shift work which increases the hourly rate of pay. The other driver of our gender pay gap is that fewer women occupy middle and senior management roles in the business. We are making progress in this area, however lower turnover in these areas means that it will take some time for this progress to be reflected in our pay gap.

Our median bonus pay gap is 79%. Currently our main bonus schemes cover sales, service engineers and senior managers; the proportion of females is low in each of these areas. The bonus schemes that exist in other areas, for example in the contact centre, represent a much lower proportion of the overall package which also impacts the bonus pay gap.

## Closing our pay gap

Baxi Heating is committed to taking action to close our gender pay gap. We have identified a number of ongoing and new initiatives to help us achieve this:

### Career development

We are continually exploring how we create a more even gender balance by attracting more women into supervisory, management and senior leadership roles. Activities in this area include coaching, tailored development and flexible delivery of workshops and learning. As a result of our actions we have seen the proportion of women in our senior leadership team increase from 17% to 26% over the past three years.

**Recruitment and selection**

We take positive action to address the gender imbalance in areas with fewer females in post by actively seeking the inclusion of female candidates in short lists for selection. In doing so, we maintain our ambition to appoint the best person into the role regardless of gender, ethnic minority, disability, sexual orientation etc. We also actively source external candidates from outside our industry where appropriate, extending the range of available candidates and reducing the impact of the existing industry imbalance.

**Flexible working**

We adopt flexible working practices to support colleagues with carer responsibilities and other interests ensuring that we support a balance between business needs and personal aspirations.

**Maternity support**

We provide support to women before, during and after maternity and adopt a flexible approach to ensure that we retain talent in the business. We currently see 77% of women return to work after maternity leave.

**Diversity training**

We offer training for line managers so that they can understand unconscious bias and challenge how this might impact the workforce. E-learning modules on diversity are available to all employees.

**Pay and grading structure**

We are committed to devising and implementing a UK-wide grading structure to ensure that all colleagues are paid fairly and appropriately for their roles and performance.

**Bonus arrangements**

We introduced a profit related bonus in 2018 so that everyone in the business has an element of pay related to business performance and can share in our success.

**Declaration**

I confirm the information and data reported is accurate as of the snapshot date 5 April 2017.



**Sarah Bailey**  
Human Resources Director