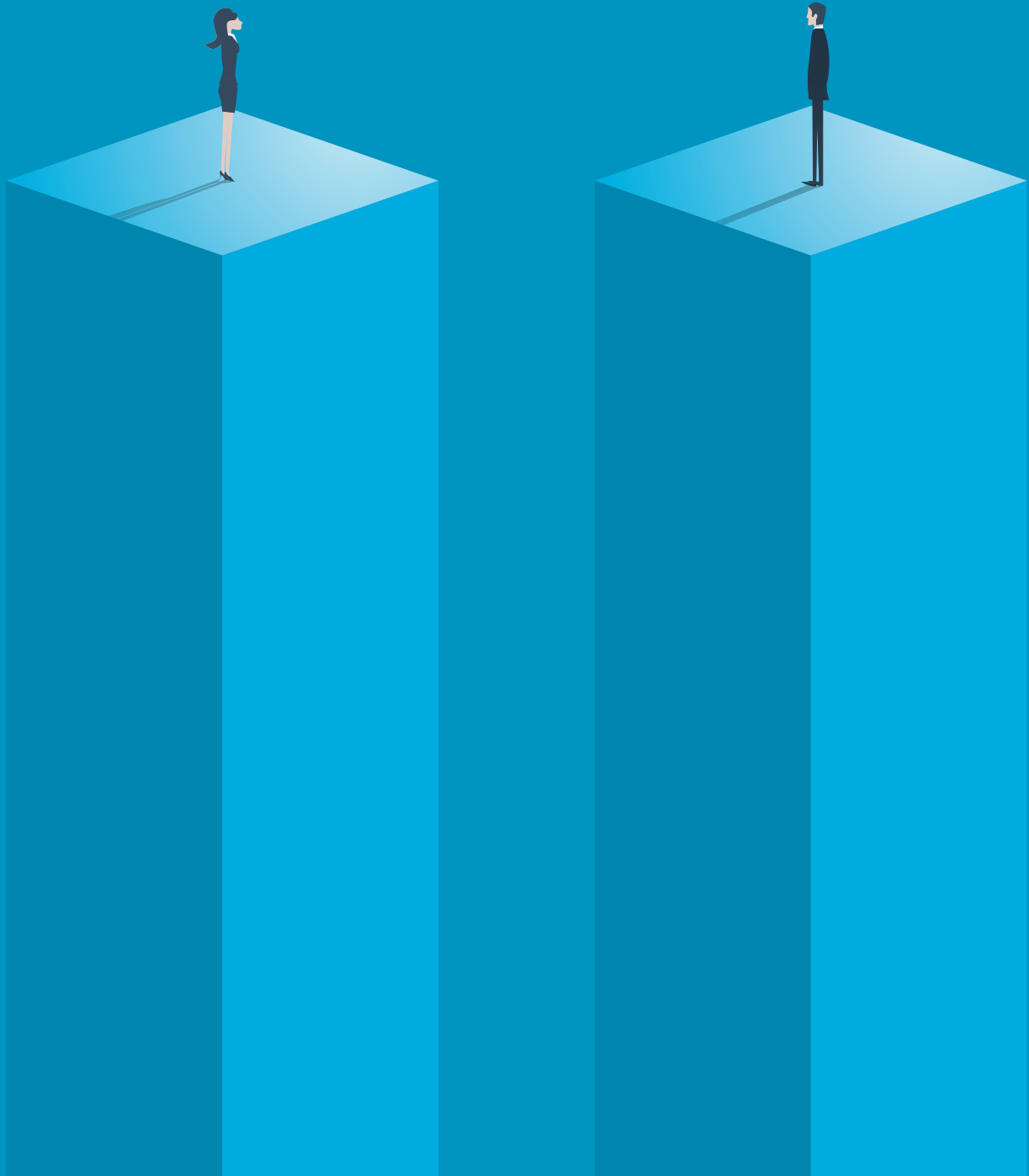


Gender Pay Gap

Report 2019



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 upon our ability to attract, retain and motivate people from as diverse a pool as possible, reflecting the markets in which we operate.

Six 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 some time for these actions to translate into our gender pay gap figures, indeed some actions may have an adverse impact in the short term as we address the balance in our pipeline of talent at lower levels. However, we can demonstrate 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 just over 17%.

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 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 rate for women.

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

Median pay gap

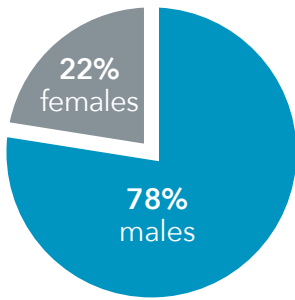
The individual hourly pay rates for all men are ranked in order and the rate in the middle of this list is the median hourly pay rate for men.

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.

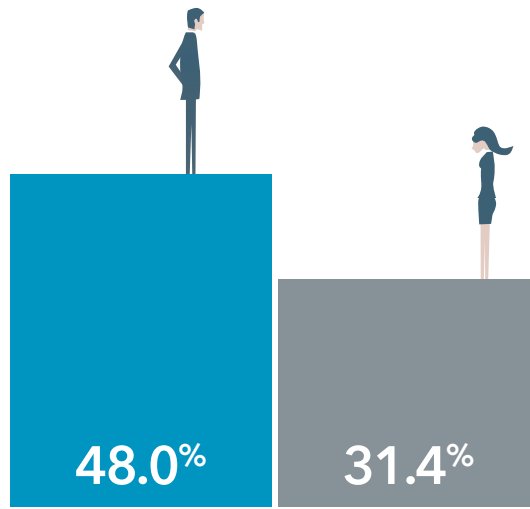
The difference between these two rates is the median hourly pay gap.



Our pay gap



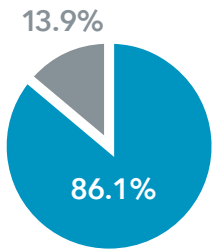
% male/female employees



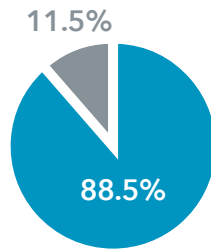
% males/females receiving a bonus payment

Mean gender pay gap	17.9%
Median gender pay gap	31.0%
Mean bonus pay gap	24.9%
Median bonus pay gap	82.3%

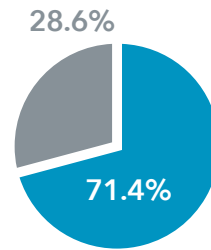
● Male ● Female



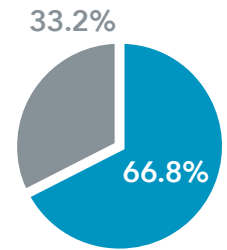
Upper quartile



Upper middle quartile



Lower middle quartile



Lower quartile

Analysis of our pay gap

At Baxi Heating UK we have 1400 employees which include 23 colleagues who work for our parent company based in the Netherlands. Our business covers manufacturing, assembly, sales & distribution, aftersales service & support as well as a central service team. 22% of our total UK workforce is female.

We are happy to announce that our median gap has fallen 3.4% to 31.0%. The remaining gap is a reflection of the fact that we have a higher proportion of women in our contact centre and assembly operations, whereas we employ a higher proportion of men in sales and engineering roles which results in a higher hourly rate for men at the median point. The main driver of our pay gap is largely due to there being fewer women in middle and senior management roles in the business.

Since the last report, our median bonus pay gap is 82.3% which is an increase of 8.7%. We have subsequently introduced a new profit related bonus for all employees who were not included in any scheme. We therefore expect to see an improvement in next year's report.

Closing our pay gap

We are committed to taking action to close our gender pay gap. In 2018 we set up a Gender Pay Group Working Party to review our gender pay gap data, debate the underlying issues and develop a 5-point action plan to close our gap which was fully signed off by our executive team in addition to ongoing actions. In addition to the 5-point plan, we have committed to develop further projects that will help close our Gender Pay Gap. These projects are outlined below.

UK Wide Grading Structure and Benefits Review

Since 2018, the UK has launched a pilot grading scheme. This will provide a robust framework to ensure roles are benchmarked internally and externally. Whilst this framework is currently being implemented at management level, it is intended to be expanded to all levels of the business to ensure fairness, transparency and clarity.

Bonus Scheme

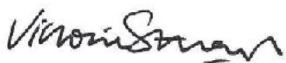
A new profit-related bonus scheme has been implemented to ensure all employees are able to share in the success of the business regardless of role or gender. We anticipate that this will have a positive impact on our 2020 report.

Recruitment

We have put in place direct, recruitment methods to ensure that all language in our adverts is gender neutral with the aim of encouraging more females to apply to roles in an industry that is typically seen as male dominated. We actively market our vacancies internally to encourage promotion from within and greater female representation at management level.

Declaration

I confirm that the information and data reported is accurate as of the 5 April 2019.



Victoria Stuart

Human Resources Director

