GENDER PAY GAP REPORT 2020

McCARTHY STONE

Life, well lived

OUR GENDER PAY REPORTING TO APRIL 2020

In this report we have published our aggregated gender pay data across all group companies in addition to our regulatory requirements. We believe this approach better represents our wider employee population and helps us to understand pay and diversity across our organisation as a whole. Separate disclosures by the three entities required to report are detailed in the final pages of this report.

Due to the Covid pandemic the Government amended the reporting dates to allow companies additional time to work through the complexities that have arisen due to Coronavirus Job Retention Scheme (CJRS). All figures in this report relate to a snapshot of our business at 5 April 2020 for the pay gap and the 12 months prior to that date for the bonus gap.

“AT MCCARTHY STONE WE RECOGNISE THAT EQUALITY, DIVERSITY AND INCLUSION IN THE WORKPLACE IS GOOD MANAGEMENT PRACTICE AND MAKES SOUND BUSINESS SENSE.”

Alison Nunez
Director of Sales Operations

Alex Delamere-White
Chief Commercial Officer

OUR COMMITMENT

At McCarthy Stone we are committed to becoming a Great Place to Work for all of our employees.

Our actions are driven by a core belief that being an inclusive and diverse business is critical to our success.

OUR CURRENT ACTIONS

This report has been written against the backdrop of two significant events - Covid-19 and our purchase of Your Life Management Services (YLMS). Both of these have had a material impact on the numbers reported.

Despite the organisation employing many more females than males we continue to see disparity in the important gender pay ratios. Partly this can be explained by having more males than females in senior roles, where higher salaries and bonuses are paid, but also we have a low representation of males in our front line care roles.

Tackling a gender pay imbalance requires some systemic changes to how we work and think about inclusion and diversity. In 2020 and 2021 we are proud to say that we have taken a number of actions that we believe will make a real difference.

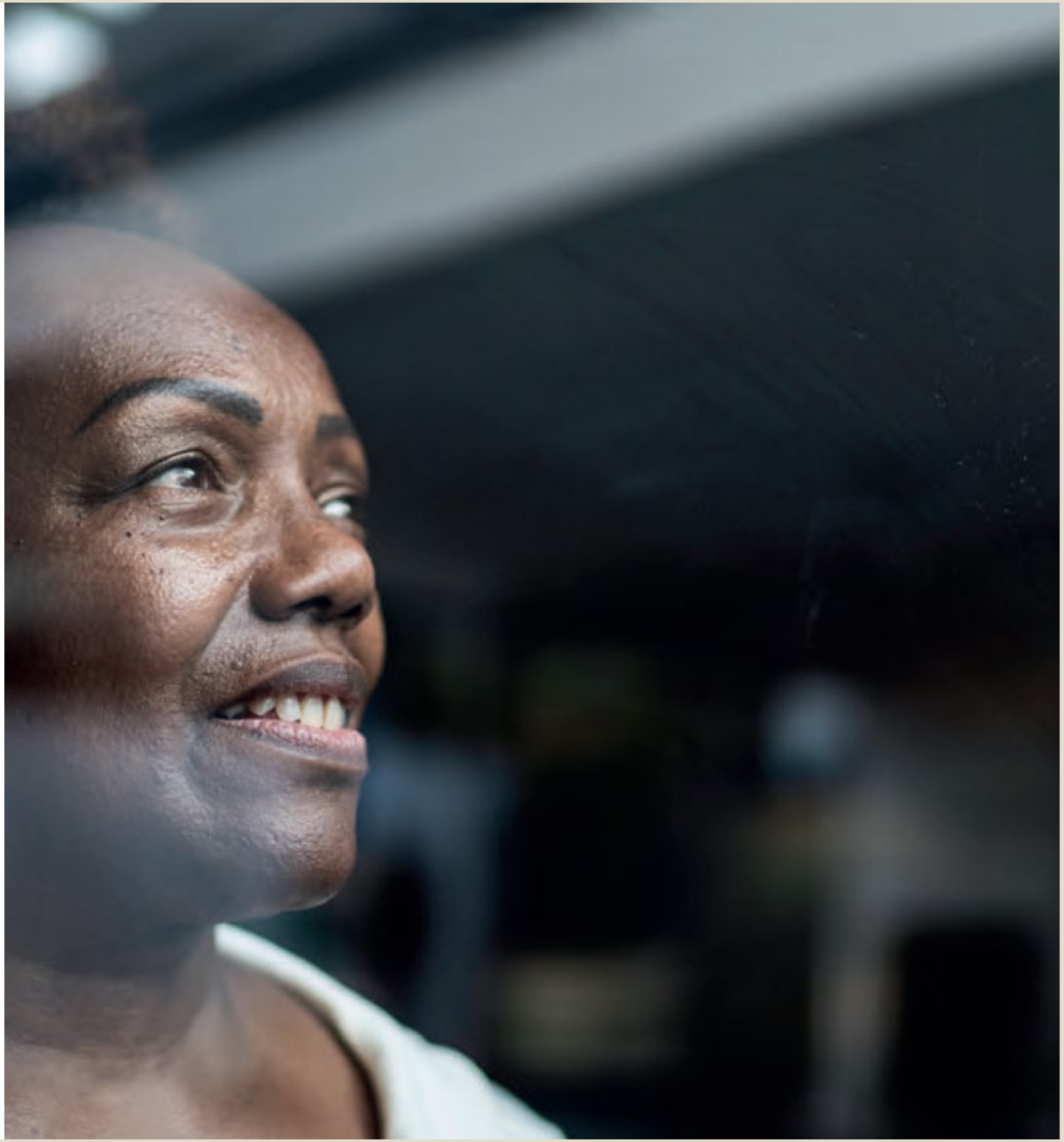
- Established an Equality, Diversity and Inclusion team to work across initiatives, but with particular focus on gender, age and mental health
- Established a women's network group to focus on inclusivity and champion equality for all
- Reviewed our recruitment processes to ensure that they support greater diversity in appointments
- Recruited more senior females in to leadership roles

These actions will start to make a difference to our gender pay gap, but in future years we will need to continue to address the underlying causes, if we are truly to achieve the fully inclusive culture that we aspire to.

HOW HAS THE CONTEXT FOR OUR 2020 GENDER PAY REPORT CHANGED SINCE 2019?

At the snapshot date in April 2020, we had 2,537 relevant employees in the McCarthy Stone group. The workforce in this group was 25.0% male and 75.0% female (43.7% and 56.3% respectively in 2019). This significant shift in the gender ratio of the overall workforce has largely been brought about as a result of the addition of McCarthy Stone Your Life Management Services in 2019 with 1244 additional staff.

In addition, comparisons of our 2020 Gender Pay Gap with prior and future years are problematic because of the impact of the Coronavirus Job Retention Scheme (CJRS), more commonly known as the furlough scheme. In April 2020, more than 500 McCarthy Stone employees were furloughed, and our senior leaders took a temporary voluntary reduction in their pay. The gender pay gap legislation states that those who receive less than full pay must be excluded from three of the six metrics that make up the gender pay gap reporting including the calculation of the mean hourly gender pay gap, median hourly gender pay gap and the proportion of male and female employees in quartile pay bands.



BACKGROUND TO GENDER PAY REPORTING

The gender pay gap legislation requires all companies with more than 250 employees to report their data against six key metrics:

- Mean hourly gender pay gap
- Median hourly gender pay gap
- Mean gender bonus gap
- Median gender bonus gap
- Proportion of male and female employees who received a bonus
- Proportion of male and female employees in quartile pay bands

EQUAL PAY v GENDER PAY GAP

Equal pay

Equal pay means that men and women performing equal work should receive equal pay. This is a legal requirement.

Gender pay gap

The gender pay gap is the difference between average male and female pay across an organisation calculated in line with the regulations, regardless of the nature of work.

OUR 2020 FINDINGS

PROPORTION OF MALE AND FEMALE EMPLOYEES IN EACH PAY QUARTILE.

These charts show the gender makeup of the McCarthy Stone group workforce in each of our salary “quartiles”. Quartiles are calculated by ordering the hourly rates of pay for each employee across the business from lowest to highest, splitting the list into four equal-sized groups (quartiles), then calculating the percentage of males and females in each quartile.

Since the 2019 report we have seen a significant shift in the proportion of males and females in each pay quartile, mainly due to the inclusion of the YLMS business in the Group. In terms of the proportions receiving a bonus this was significantly impacted by the financial performance of the business in 2019 and the early part of the Covid pandemic.

Proportion of employees receiving a bonus

Across all McCarthy Stone group employees, 77.5% of men (88.3%) and 44.0% (85.3%) of women received a bonus or commission payment in the 12 months prior to April 2020.

Note: 2019 figures shown in brackets.

77.5%
(88.3%)

44.0%
(85.3%)

Quartile	Male	Female
Lower quartile	4.2% (26.4%)	95.8% (73.6%)
Lower middle quartile	9.7% (32.5%)	90.3% (67.5%)
Upper middle quartile	14.1% (44.8%)	85.9% (55.2%)
Upper quartile	44.2% (73.6%)	55.8% (26.4%)

Note: 2019 figures shown in brackets

OUR 2020 GROUP FINDINGS.

THE MEDIAN HOURLY PAY AND BONUS PAYMENTS HAVE IMPROVED SINCE 2019 REPORTING.

This table shows the mean and median hourly pay gaps (based on April 2020 payroll data), as well as our mean and median bonus gaps (based on bonus and commission data from 6 April 2019 to 5 April 2020).

Since our 2019 report there has been a reduction in the gap between what men and women receive both in terms of hourly pay and bonus improvement. The gap on median hourly pay has reduced from 43.6% to 38.4% and in terms of median bonus, the gap has fallen from 73.6% to 67.1%. When the gender mix across the Group is taken account of the hourly pay rate for men is slightly higher than for women. In terms of the bonus women earned more bonus than men.

	Mean	Element due to gender mix	Remaining (excluding elements due to gender mix)	Median
Hourly pay	55.3% (39.4%)	54.4% (34.7%)	0.9% (4.7%)	38.4% (43.6%)
Bonus	29.5% (15.7%)	41.5% (30.4%)	-12.0% (-14.7%*)	67.1% (73.6%)

* A means that if gender mix is removed, women earned more bonus and commission than men

The report includes the following employing entities: - McCarthy Stone (developments) Ltd - 141 people; McCarthy Stone Retirement Lifestyles Ltd - 699 people; McCarthy Stone Management Services Ltd - 453 people; McCarthy Stone Your Life Management Services Ltd - 1,244 people

Definitions

The data shows our mean and median hourly pay gaps (based on April 2020 payroll data), as well as our mean and median bonus and commission data gaps (based on bonus data from 6 April 2019 to 5 April 2020)

Mean:

The mean calculation considers basic average pay/bonus across all of our employees.

Median:

The median calculation focuses on those employees in the middle of pay/bonus ranges, thereby reducing the impact of our highest and lowest paid employees.

Element due to gender mix:

This is the amount of gender pay gap which is due to there being higher number of men or women in a particular job role or job level.

Note: 2019 figures shown in brackets

STATUTORY DISCLOSURE.

MCCARTHY STONE RETIREMENT LIFESTYLES LIMITED

McCarthy Stone Retirement Lifestyles (RL) employs 699 people, 27.6% of our total workforce of 2,537 at the snapshot date. Of these, 373 (53.4%) were male and 326 (46.6%) were female. McCarthy Stone Retirement Lifestyles is our main divisional development and sales operating business.

Proportion of employees receiving a bonus

Note: 2019 figures shown in brackets.

83.9%
(91.2%)

87.1%
(86.4%)

Median Hourly Pay Gap – for every £1 of pay that a man received a woman received 53 pence

Median Bonus Gap – for every £1 of bonus a man received a woman received £2.23

Mean hourly pay gap	**36.9%** (26.8%)
Median hourly pay gap	**47.0%** (29.8%)
Mean bonus gap	**-44.0%** (-37.5%)
Median bonus gap	**-122.9%** (-91.3%)

	Lower quartile	Lower middle quartile	Upper middle quartile	Upper quartile
Men	**25.0%** (49.4%)	**25.0%** (41.3%)	**52.1%** (60.0%)	**72.9%** (76.0%)
Women	**75.0%** (50.6%)	**75.0%** (58.7%)	**47.9%** (40.0%)	**27.1%** (24.0%)

Note: 2019 figures shown in brackets

STATUTORY DISCLOSURE.

MCCARTHY STONE MANAGEMENT SERVICES LIMITED

McCarthy Stone Management Services (MSMS) employs 453 people, 17.9% of our total workforce of 2,537 at the snapshot date. Of these, 354 (78.1%) were female and 99 (21.9%) were male. McCarthy Stone Management Services is the area of our business that looks after the day-to-day operations and provision of lifestyle services in our Retirement Living developments.

Proportion of employees receiving a bonus

Note: 2019 figures shown in brackets.

Male	Female
90.9% (86.2%)	90.1% (85.7%)

Median Hourly Pay Gap – for every £1 of pay that a man received a woman received 92.8 pence

Median Bonus Gap – for every £1 of bonus a man received a woman received 89.2 pence

Mean hourly pay gap	**19.1%** (19.9%)
Median hourly pay gap	**7.2%** (3.6%)
Mean bonus gap	**55.4%** (50.6%)
Median bonus gap	**10.8%** (37.5%)

	Male	Female
Lower quartile	16.8% (17.0%)	83.2% (83.0%)
Lower middle quartile	12.1% (13.9%)	87.9% (86.1%)
Upper middle quartile	18.7% (19.0%)	81.3% (81.0%)
Upper quartile	40.2% (36.6%)	59.8% (63.4%)

Note: 2019 figures shown in brackets

STATUTORY DISCLOSURE.

MCCARTHY STONE YOUR LIFE MANAGEMENT SERVICES LIMITED

Your Life Management Services (YLMS) employs 1,244 people, 49.0% of our total workforce of 2,537 at the snapshot date. Of these, 1,156 (92.9%) were female and 88 (7.1%) were male. This is the area of our business that looks after the day-to-day operations and provision of lifestyle services in our Retirement Living Plus developments.

Proportion of employees receiving a bonus

Note: 2019 figures shown in brackets.

Men	Women
37.5% (22.7%)	15.2% (11.2%)

Median Hourly Pay Gap – for every £1 of pay that a man received a woman received 93.4 pence

Median Bonus Gap – for every £1 of bonus a man received a woman received 57 pence

Mean hourly pay gap	**21.6%** (18.5%)
Median hourly pay gap	**6.6%** (3.9%)
Mean bonus gap	**36.5%** (50.0%)
Median bonus gap	**43.0%** (26.9%)

	Lower quartile	Lower middle quartile	Upper middle quartile	Upper quartile
Men	2.0% (4.1%)	5.2% (5.9%)	6.0% (5.9%)	17.6% (14.1%)
Women	98.0% (95.9%)	94.8% (94.1%)	94.0% (94.1%)	82.4% (85.9%)

Note: 2019 figures shown in brackets

OUR ONGOING COMMITMENT

This report has covered a time of great change in the world and in our business. We have seen a Government furlough scheme, voluntary reductions in salaries for senior colleagues, and business performance being severely impacted by the lockdown.

Despite these events we have continued to focus on making McCarthy Stone a workplace that is inclusive and diverse. The issues that underlie the gender pay gap cannot be addressed over a short period of time, however we believe that through partnering with external bodies and sustaining our internal commitment we will see further progress in future Gender Pay reports.

Fiona Carleton
Director of Services