

As we embark on our seventh year of Gender Pay gap reporting, we are pleased to share our latest findings.

While equal pay addresses disparities in pay for identical or similar roles, the gender pay gap sheds light on the overall average pay difference across all Knauf employees. We have learned that a gender pay gap can persist even within an environment committed to fair pay practices for both men and women.

Annual reporting serves as a crucial health check for monitoring and identifying the root causes of the gender pay gap. It requires us to hold a mirror up to ourselves and keep us accountable. By examining our recruitment, reward, and people strategies to ensure we are creating a diverse and inclusive workplace.

As People Director, I am committed to leading initiatives aimed at closing the gender pay gap within our organisation. We remain focused on being a great employer for great people, we offer a comprehensive suite of benefits, including flexible working arrangements, expanded leave options for maternity and paternity, and opportunities for additional holiday time, ensuring our employees can effectively balance their personal and professional lives.

We actively promote ongoing training and development opportunities to support our employees' career growth and advancement. The continued success of our apprenticeship programmes is a source of pride year after year. We continue to cultivate an environment where every individual feels empowered to achieve their full potential.

While achieving gender pay parity remains a significant challenge in our industry, our latest report showcases encouraging progress. We're delighted to see women stepping into senior and specialist roles, with a few joining traditionally male-dominated areas like our plant-based operations.



A handwritten signature in black ink, appearing to read 'Emma Delaney'.

Emma Delaney
HR & Sustainability Director

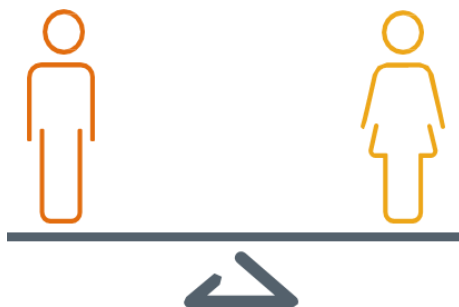
Gender Pay Gap Explained

The gender pay gap is a crucial metric that gauges the disparity in average compensation between men and women throughout a company. It serves as a valuable tool for pinpointing areas where enhancements in diversity and inclusion could be needed.

This comparison encompasses median and mean hourly wages, as well as bonuses, for all male and female employees within a business. In essence, a higher percentage gap signifies a more significant difference in reported figures between men and women.

It's important to note that these figures encompass both part-time and full-time employees, providing a comprehensive view of gender-based compensation differentials.

But it's important to remember, this is looking at the overall compensation mix of men and women in an organisation and may not mean that men and women are being paid differently for doing the same job.



Quartile pay distribution.

Refers to how men and women are spread across different sections of an employer's pay scale. Hourly pay rates for both genders are arranged from lowest to highest and divided into four equal parts: lower, lower middle, upper middle, and upper quartiles. The percentage of men and women in each quartile is calculated based on the total number of employees within that quartile.

Median Gender Pay Gap.

This calculates the difference between the median hourly pay rates for all men and women within an organization. It then expresses women's pay as a percentage of the median hourly rate for men.

Mean Gender Pay Gap.

This calculates the difference between the average hourly pay rates for all men and women within an organization. It then expresses women's pay as a percentage of the mean hourly rate for men.

Median Gender Bonus Gap.

This measures the difference between the average bonus values for all men and women in a company. It then expresses this difference as a percentage of the mean bonus for men.

Median Gender Bonus Gap.

Indicates the difference between the median (mid-point) value of bonuses for all men and women in a company. This difference is expressed as a percentage of the median bonus for men.

Proportion who receive a bonus.

Is the percentage of employees who receive a bonus within an organization.

Gender Pay Quartiles

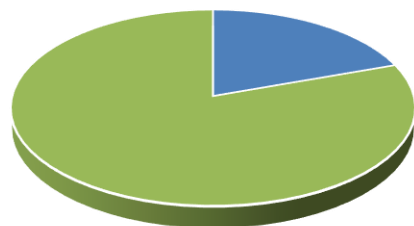
At the snapshot date of 5th April 2023, there were 438 people within our UK workforce: 351 men (80.1%) and 87 women (19.9%).

We still face low numbers of women in our organisation in all pay quartiles, we also see an overall slight decrease in our women population compared to 2022.

The smallest proportion of women are still in Band B, which is predominantly our plant-based roles, however we have seen some increase in the population of women in B, and a decrease in women in band A compared to 2022. This is where women have been promoted into team leader roles, together with the welcomed inclusion of women into plant-based roles.

Band A is still where a large proportion of women sit, these are predominantly administration roles. But we also see that even though C & D is where we have decreased in overall female numbers compared to 2022, we still see a large portion of our female population are sitting in more senior or specialist roles in bands C & D.

ALL EMPLOYEES
April 23



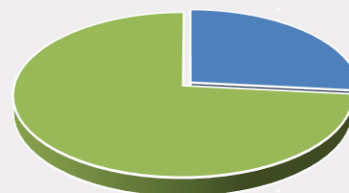
■ WOMEN 19.6% ■ MEN 80.4%

Charts illustrate percentage of men and women in each pay quartile in a snapshot date of **April 2023**. With a comparison to 2022.

2022

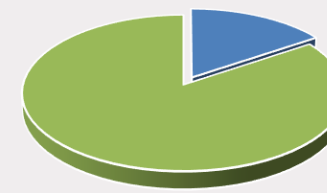
Band	Women	Men
A	33.03%	66.97%
B	6.42%	93.58%
C	24.77%	75.23%
D	19.27%	80.73%
All	20.87%	79.13%

BAND A
LOWEST PAID



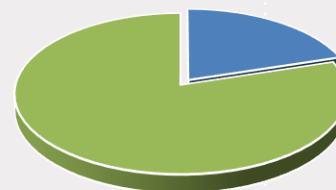
■ WOMEN 26.6% ■ MEN 73.4%

BAND B



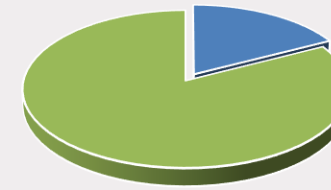
■ WOMEN 15.6% ■ MEN 84.4%

BAND C



■ WOMEN 20.18% ■ MEN 79.83%

BAND D
HIGHEST PAID



■ WOMEN 17.43% ■ MEN 82.57%

Gender Pay Gap

Mean Gender Pay Gap

To calculate the mean, pay gap, we add together all the hourly pay rates that women received, divided by the number of women in our workforce. We then repeat this calculation for men. The difference between these figures is the mean gender pay gap.

Our **Mean Gender Pay Gap** has widened slightly this year, now standing at **3.21%**.

This figure still underscores the presence of several females holding senior positions within our organisation. However, this year's gap is influenced by the departure of one of our three female Directors, alongside the departure of a couple more female employees. Nevertheless, it reflects positively on the ongoing efforts to address gender imbalances in our lower quartiles. We've observed women transitioning into team leader roles and ascending to the Band B quartile, demonstrating progress in our diversity and inclusion initiatives. The mean pay gap, is also influenced by our ongoing successful efforts to recruit female apprentices to our female population.

Mean Trend	
Year	% gap
2022	3.14
2021	4.1
2020	6.4
2019	2.6
2018	12.2

Median Gender Pay Gap

To calculate the median gender, pay gap, we first rank all our people by their hourly pay. Then we compare what the woman in the middle of the female pay range received with what the man in the middle of the male pay range received. The difference between these figures is the median gender pay gap.

Our **Median Gender Pay Gap** is **3.98%**

This year the woman in the middle of the female pay range received 3.98% less than the man in the middle of the male pay range.

We have continued to positively address our lower quartile roles and now see over half of our women are across the mid and higher pay quartiles. However, this year's gap is not only influenced by the largest proportion of our male population being in plant-based roles, occupying the mid-range and on the same salary, but also again by the departure of some of our more senior females.

Median Trend	
Year	% gap
2022	2.37%
2021	9.9%
2020	18.2
2019	17.7
2018	21.7

Gender Pay Gap compared to other organisations

When comparing our Pay Gap data with other organisations, especially within the manufacturing sector, we're pleased to note our progress in addressing disparities between men and women's pay.

Comparing with other Organisations (ONS

Provisional Nov 2023)

	Pay Gap Mean	Pay Gap Median
United Kingdom	13.2%	14.3%
Manufacturing	11.2%	15.9%

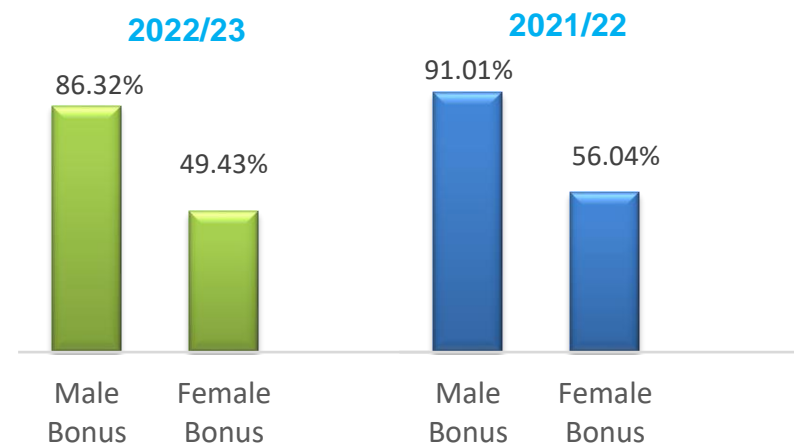


Bonus Pay Gap

Proportion of male vs female that received a bonus in the tax year 2022/23.

The bonus gap represents the disparity between bonus payments or one-time lump-sum rewards, such as recognition awards, received by male and female employees. Only employees who received a bonus are considered in the calculation.

The majority of male employees in our organisation hold positions in plant-based or sales roles, which typically include bonus incentives. The decrease in the number of female employees receiving bonuses this year can be attributed to the departure of some senior female employees who would typically receive such bonuses.



The Mean Gender Bonus Gap

This year, our Bonus Gap stands at -9.59%, indicating that, on average, women's bonuses were -9.59% higher than men's bonuses. This reflects how bonuses are distributed across our organisation, with women in higher quartile roles typically receiving bonuses.

Mean Gender Bonus Trend	
Year	% gap
2022	1.54
2021	17.1
2020	12.0
2019	26.7
2018	10.7

Additionally, we implemented an annual mid-year reward steering group review this year. This initiative resulted in some exceptional bonus rewards being granted to women who would not typically receive bonuses.

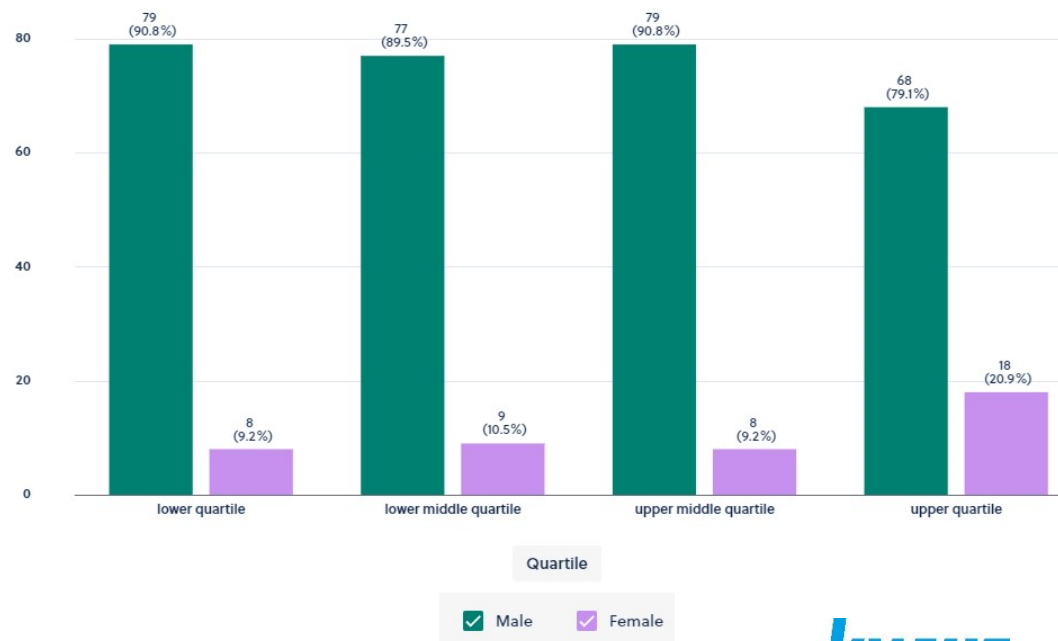
The Median Gender Bonus Gap

This year, our Median Gender Bonus Gap stands at -37.21%, indicating that among women who received bonuses, the midpoint bonus was 37.21% higher than that of the midpoint of men.

Trend	
Year	% gap
2022	-4.67
2021	16.5
2020	-17.2
2019	-25.9
2018	39.3

The difference in bonus amounts reflects the fact that a smaller proportion of women receiving bonuses occupy higher pay quartiles or received exception bonus rewards. In contrast, the majority of men who receive bonuses are spread across all pay quartiles. This is illustrated in the graph provided, which breaks down the distribution of bonus recipients.

Breakdown of those receiving a bonus within each quartile



Knauf Values



MENSCHLICHKEIT

Menschlichkeit relates to integrity and humanity. By treating each other fairly and by embracing diversity, together we act with social responsibility. We take care of each other, of society and of the environment.



PARTNERSHIP

We work together as a team and support each other wherever possible. We are respectful, reliable and loyal. We encourage each other and build trusting relationships with colleagues and customers.



COMMITMENT

We know our decisions and our work will have an impact. We take ownership and responsibility, acting to providing the best quality solutions and products we can.



ENTREPRENEURSHIP

We are practical and seize opportunities to create continuous growth. We employ innovation, explore the new and embrace change.

Initiatives

We acknowledge the importance of being a diverse and inclusive employer that values each one of its employees, providing an objective, competitive, and fair framework. We are delighted to share with you some of our ongoing initiatives aimed at cultivating an open and inclusive working environment.

Recruitment and retention

Our goal is to enhance inclusion and diversity across Knauf. In 2023, we continue to focus on refining our talent attraction strategies.

The pandemic has provided us with the opportunity to showcase agile working practices across many of our functions. This ongoing approach not only demonstrates our commitment to flexibility but also contributes to our ability to attract and retain talented individuals.

Benefits

We are proud to offer unique benefits that help to give us a competitive edge in the "war on talent." This includes, above our standard benefits package, the ability to purchase extra holiday up to 10 days per year in addition to the standard annual leave. All employees receive their Birthday day off work. We also know that it is important to support our local communities and offer 3 volunteering days off to all staff



Growing our Apprenticeship Scheme

Our objective is to expand our annual provision of apprenticeships, as this contributes to building a workforce that embraces individuals from diverse backgrounds. To achieve this, we will forge partnerships with communities and educational institutions, while also reaching out to a broad audience to promote the excellent career prospects available in manufacturing.

Job Pay and Grading

We exceed the voluntary Living Wage and externally benchmark all salaries to ensure our compensation remains fair, competitive, and aligns with our goal of being an employer of choice. Additionally, we conduct annual reviews of our internal organizational structure to uphold equality for all our employees.

Agile & Flexible Working

Our agile working approach is an addition to the Flexible Working Policy already in place and is an important step for us as an organisation. We believe our agile working policy is key in enabling both women and men to reconcile work and caring responsibilities, enabling them to remain in work and stay in roles that reflect their skills.

Occupational Maternity & Paternity Scheme

We believe our occupational maternity and paternity schemes can help reduce the gender pay gap by promoting greater gender equality in the workforce. Encouraging men to take paternity leave can reduce the burden on mothers, promoting equality in caring responsibilities. Additionally, offering 16 weeks of fully paid maternity leave and flexible/agile working arrangements can help reduce the motherhood penalty, allowing women to return to work on an equal footing with their male colleagues, improve employee retention, particularly among women, and promote a more diverse and inclusive workforce.

Training and development

Our people strategy is to ensure that we are a great employer for great people. This is evident in our robust training and development initiatives. In 2023, 90% of our workforce had personalised development plans, driving progression to new roles. With a sustainable succession target aiming for over 70% of leaders and specialists developed internally, our commitment to nurturing talent is unwavering

Summary

We are delighted with the progress we have continued to make to date and our continued reduction in the gender pay gap; particularly in comparison to organisations across the UK and within the manufacturing and construction sectors. Notwithstanding this, we will not stop our work on ensuring that all employees have the same opportunities to develop, progress, and flourish regardless of background, race, ethnicity, and of course - gender.