

April, 2020

UK Gender Pay Reporting for Halfords Media (UK) Limited

In April 2017, Parliament introduced The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, which requires all UK employers of 250 or more employees to post to their website certain gender pay information for employees who were employed by the UK entity as of the 5th of April of each applicable year.

As of the 5th of April 2019, Halfords Media (UK) Limited had 257 relevant employees, of which 252 were full pay relevant.

Halfords Media (UK) Limited is an indirect UK subsidiary of The Stars Group Inc., a leading provider of technology-based products and services in the global gaming and interactive entertainment industries. Halfords Media (UK) Limited is based in two UK offices, London and Leeds, and primarily employs staff within Marketing, Strategy & Product, Sportsbook, Poker and Business Intelligence functions.

The structure of the office has changed substantially since the entity's 2018 gender pay report as we no longer have an Operations hub within the London office. We believe it is still prudent to compare results year on year, however it is worth noting that this structural change will mean there will be a difference in the composition of relevant employees and their job descriptions compared to previous years.

When recruiting and for internal review, all roles within The Stars Group, Halfords Media (UK) Limited included, are graded and benchmarked. Throughout the course of employment all employees are encouraged to develop their skills and progress through the pay scale for their particular grade (i.e. level of seniority), role and job function. This is irrespective of gender and focused around length of service and performance. Halfords Media (UK) Limited has robust processes in place to ensure pay levels are reviewed using a fair and consistent approach.

Based on an internal analysis for the required period, the mean and median gaps between the average male and average female's hourly rate of pay for those employed by Halfords Media (UK) Limited was 24.4% and 12.4%, respectively, in favour of men. Compared to our 2018 figures, this is an increase in the mean gap of 3.5% and a decrease in the median gap of 17.7%. These figures reflect the average male and female employee overall and do not take into consideration specific roles, levels or grades.

Whilst the mean pay gap has increased, we are pleased to see a substantial decrease in the median gap. As the mean simply takes an average of all male salaries, it can be skewed by outliers; whereas the median takes more of a central view. This informs us that whilst there is a pay gap on average, it is likely caused by a few individuals distorting the average male salary to be higher rather than a widespread issue.

This is positive as it means we can effectively target key areas of importance which will have the greatest impact on our pay gap. This highlights further to us the key need to focus on female representation in senior roles across the entire group, not just in our UK offices. We

have one male C-suite executive in the UK office, and if we remove this individual from the salary calculations we see a mean pay gap of 22.4% instead of 24.4%.

However, we also repeat again from last year's analysis that The Stars Group recognises that in order to promote a fairer pay distribution across genders, we should not look to exclude any executives, even if they could be considered outliers, as a lack of female representation in the most senior roles is a key driver of the gender pay gap. This is why we are continuing our focus on increasing the number of female employees, particularly among senior management positions and the executive team. Additionally, as part of the group-wide talent management programme, diversity and inclusion is consistently discussed and reviewed.

Halfords Media (UK) Limited participates in The Stars Group's annual bonus plan and structure, which is based on a combination of the performance of the individual and that of The Stars Group. Additionally, bonus payments include ad-hoc rewards, long-service rewards, a baby bounty programme and an employee share purchase programme, which includes an employer match component. Potential bonus as a percentage of salary increases with grade within the business. As there are more men in senior positions within Halfords Media (UK) Limited than there are women, this leads to an increase in the gap for bonus pay on a gender basis.

Halfords Media (UK) Limited paid bonuses to 89.2% of women and 90.7% of men.

This is a 3.2% decrease in the percentage of women receiving bonus and a 0.8% increase in the percentage of men from 2018. The only Halfords Media (UK) Limited employees who did not receive a bonus were those who started after a specified cut-off date during the year, were interns who generally receive a bonus after the completion of their placement (which was outside the bonus period), did not work during the year over which their performance is assessed (for any reason), or whose performance did not meet the required standards for their role.

Based on an internal analysis for the required time period, and not taking into consideration specific roles, levels or grades, the mean and the median pay gap for bonuses were 40.7% and 15.2%, respectively, in favour of men, which is a decrease of 3.5% on the mean and a large decrease of 29.7% on the median from 2018.

We are very pleased to see a decrease compared to last year and believe the reason for the large change in the median bonus gap is in part due to the change in composition and seniority of the roles within Halfords Media (UK) Limited. The organisation now has much fewer operational staff and more managerial or senior roles. Last year approximately 63% of men were in a managerial or more senior role, whereas only 44% of women were. This year, of the relevant employees, approximately 80% of men and 74% of women were in managerial/senior roles or above. This is positive as not only are we seeing an increase generally in the proportion of female managers, we are seeing the gap between the proportion of male and female managers has also decreased quite substantially.

As noted above, bonus potential increases with grade and seniority level within the business, so the large increase in the percentage of female managers as a proportion of female staff will likely have contributed to the large reduction in the median bonus gap. This again

highlights to us the importance of female representation in management roles as it has had a considerable positive effect on our bonus gap.

As noted in the salary calculations, we believe the mean has not decreased as heavily as the median due to having a male C-suite member in the UK office which skews average figures. If we remove the C-suite role from the bonus calculations, we get a mean bonus gap of 25.5%. However again, we recognise that this 25% is still a high gap, which we want to continue to aim to reduce year on year.

Set forth below is a chart showing the hourly rate of pay by quartile.

Hourly rate of pay by quartiles

	Male	Female
Lower Quartile	65.1%	34.9%
Lower Middle Quartile	65.1%	34.9%
Upper Middle Quartile	76.2%	23.8%
Upper Quartile	81.0%	19.0%

We saw a reduction in the female representation in the uppermost quartile (19.0% this year compared to 23.3% last year), and as such need to focus our efforts on this area in order to increase representation at the most senior roles. However, we do note that there has been a reduction in the percentage of females in the lowest quartile, which is a positive movement year over year.

Halfords Media (UK) Limited had 252 full pay relevant employees, of which 71 were female (28.2%.) We believe that a reasonable short-term target to aim for year on year is to match the percentage in each quartile to the full pay relevant gender split. This way we can focus firstly on reducing the percentage gap between headcount and the quartile split, and then also have a wider, more long-term focus on getting the gender split to be closer to 50:50 at all levels in the organisation.

By using headcount split as a short-term target it gives us clear objectives to strive for; we need to aim to reduce the proportion of women in the lower quartiles and increase the proportion in the higher quartiles. Generally, people in the top quartiles have higher average tenure or are in more senior positions, so by focusing both on retaining senior female staff and hiring more senior female representatives, we should see this gap decrease. We can then look to more long-term solutions to try to achieve a 50:50 headcount split which naturally should also have a positive effect on representation throughout the business.

How to minimise the gap

To aid Halfords Media (UK) Limited, and The Stars Group as a whole, to bridge these gaps, we have committed to, among other things, the following actions and initiatives:

- Continue to review family friendly policies, such as maternity, paternity, shared parental leave and flexible working schedules
- Provide the opportunities for the creation of in-house networking programs to help employees broaden their networks and improve on their potential career progression
- Create and implement a diversity strategy in line with corporate social responsibility strategies, including creating a policy and training for managers highlighting the advantages of having a diverse workforce
- Continue to monitor pay data to ensure consistency across performance related pay increases for men and women
- Review the delivery of learning and leadership programs to ensure they provide equal opportunities for all individuals to progress
- Update and deliver unconscious bias and inclusion training across the business
- Continue to review and improve recruitment processes including: a review of all role profiles to ensure the wording and style are gender neutral, a balance in the ratio of males and females involved in the interview process, a review of our employer brand, a review of all agency suppliers that we engage with and ensuring that they also have a strong commitment to diversity and are providing us with a mix of applicants
- Enhance current internal mentoring programmes
- The creation and implementation of a leadership strategy and focus on diversity and inclusion
- Setting up of volunteer groups to engage employees from across the business in our commitment to diversity and inclusion

Furthermore, The Stars Group has recognised a need to increase the number of female employees, particularly among senior management positions and executive ranks, and to include diversity in its talent management program.

For more information about this and other initiatives around diversity, please see The Stars Group's Equality & Diversity Policy statement, which can be found [here](#).

I confirm that the data contained in this report is an accurate representation of Halfords Media (UK) Limited.

Matt Garratt

Director, People Services