

Gender pay gap report

At NHBC, we are committed to inclusion in all its forms. We understand that diversity constitutes one of our greatest strengths, contributing significantly to our success. Our objective is to nurture an inclusive culture and working environment where everyone has the opportunity to flourish, improve and excel.

This Gender Pay Gap Report is prepared in accordance with legislative requirements for organisations with more than 250 employees. It provides a snapshot of our pay gap as of April 2023. The report illustrates the difference in average pay between all male and female employees throughout the entire organisation at that time. It does not measure equal pay, which pertains to how women and men are compensated for the same or similar jobs, or for work of equal value. NHBC monitors this aspect through regular equal pay audits, the latest of which was completed in September 2023, concluding that there was no indication of an equal pay issue.

NHBC's mean gender pay gap

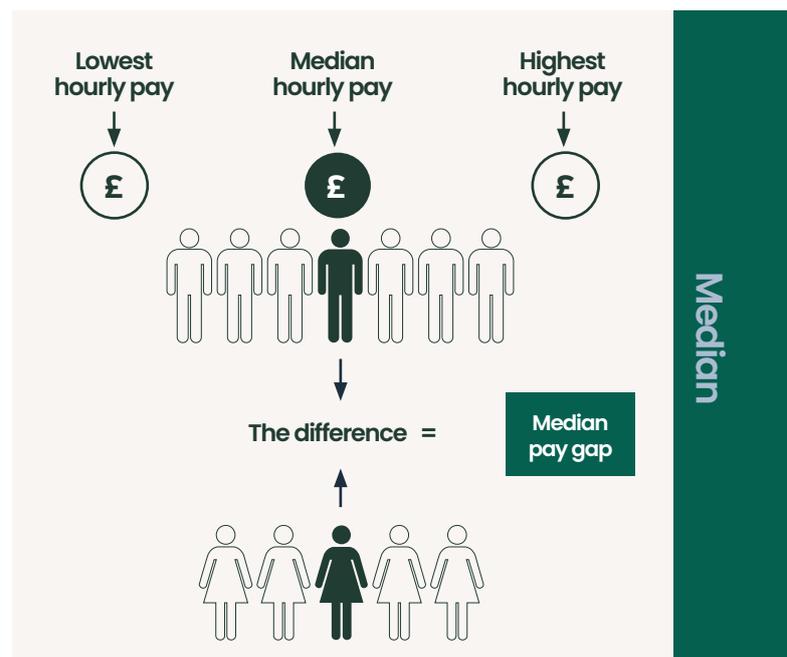
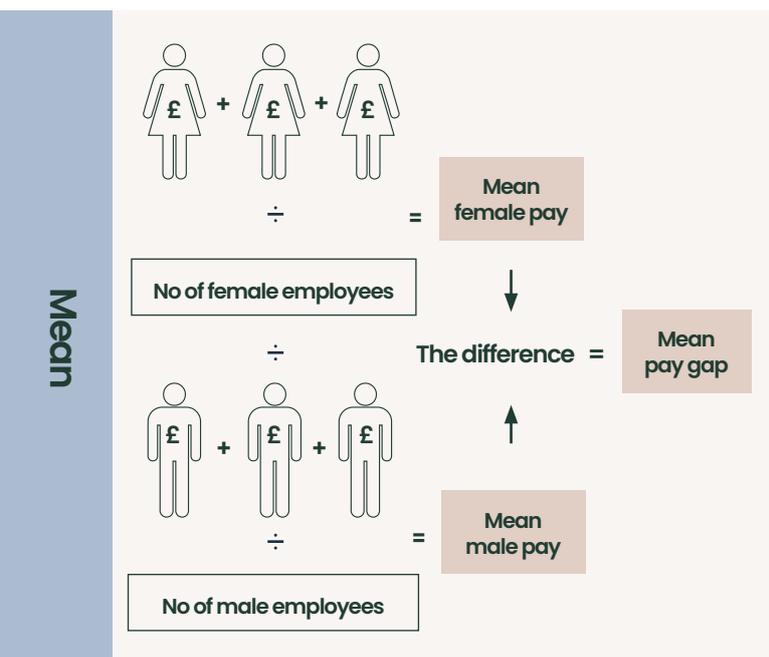


NHBC's median gender pay gap



The mean and median gender pay gaps result from variations in the numbers of men and women at different levels and in different business areas within our company, mainly due to the under-representation of women in higher-paid senior leadership and technical positions. This challenge is not unique to NHBC but also reported by many organisations in the financial services and construction industries.

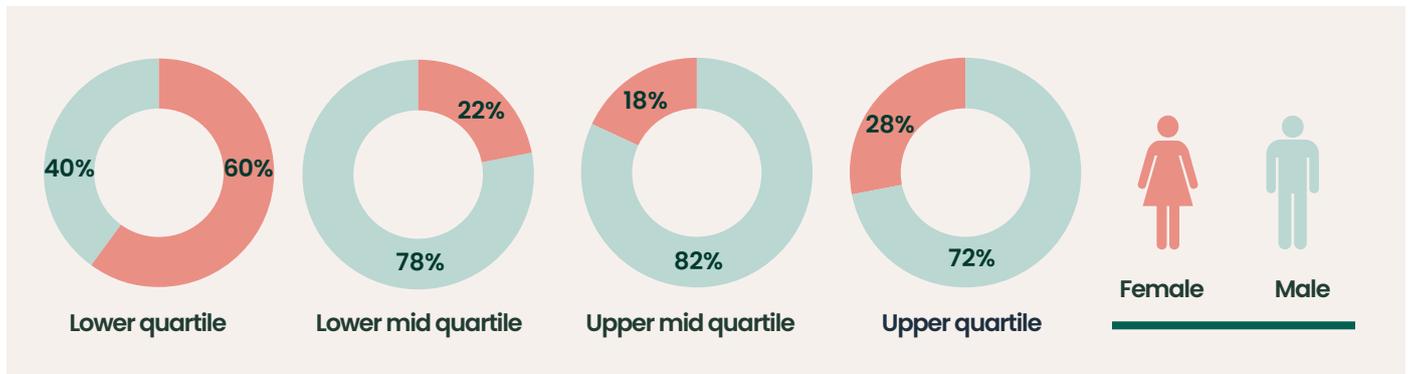
The reduction in the gap this year is primarily due to the pay increases implemented in April 2023, conducted in two phases: a flat-rate increase differentiated by job level and a top-up to bring employees below the target salary for their roles up to that level. Notably, more women than men were below the target salary for their roles, aligning with the predictions made last year, with this initiative playing a significant role in narrowing the pay gap.



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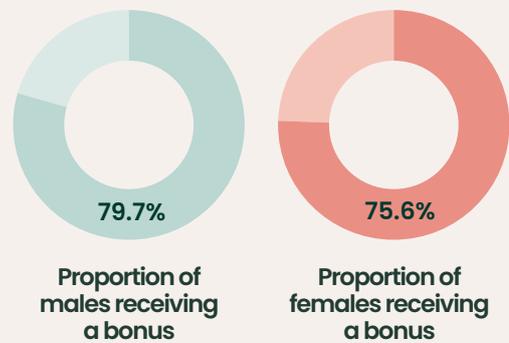
Pay quartiles

Our pay quartile analysis below depicts the gender distribution in each quartile, with the most notable change being an increase in female representation in the upper pay quartile.



Bonus

Difference between bonus paid to men and women	Median (middle)	Mean (average)
2023	33.4%	35.7%
2022	21.5%	26.2%



The bonus gender gap calculation looks back 12 months from April 2023. A bonus was paid to all eligible employees in July 2022 in line with NHBC’s annual bonus plan rules. Three factors influenced the bonus pay gap in 2023:

- In contrast to the overall mean and median pay gaps, which are calculated on full-time equivalent salaries, the bonus gap calculation is based on actual amounts paid. This means individuals in part-time roles will receive lower bonuses than their full-time equivalents. In 2023, 20% of women versus 1.4% of men were in part-time roles; since bonuses are paid as a percentage of actual salary, the average bonus amount for women is lower.
- Bonus is calculated as a percentage of salary, with higher percentages allocated to more senior roles. Due to the lower representation of women in leadership positions, men’s overall bonuses were higher.
- Bonus is also based on company and individual performance. On average, we observed higher performance scores for those in technical roles. Given the significant male population in these jobs, this notably contributed to the bonus gap.

The changes in gender pay gap have been thoroughly examined, including by our Remuneration Committee and we are confident that our pay practices remain fair.

We remain committed to a number of inclusion initiatives which we believe benefit NHBC and should also contribute to narrowing the mean and median pay and bonus gaps.

Commitment to diversity

Targets

Understanding our gender pay gap and what drives it is only the first step. Our senior management recognise the importance of making intentional decisions to ensure gender and ethnic representation across all employee levels and business areas and, in 2024, we have introduced gender and ethnicity targets for senior leaders.

Insights

This has been our first year of having access to employees’ personal data that includes gender and gender identity, ethnicity, sexual orientation, disability, and social mobility and which has allowed us to measure turnover by these characteristics by department and job level. Upon analysis, we found a higher percentage



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of women resigning compared to men. Consequently, we have enhanced the exit interview process for under-represented groups to gain deeper insights into the reasons for departure, enabling us to focus on potential interventions and future diversity equity and inclusion (DE&I) activities.

Development

This data has also provided insights into the allocation of promotion and development opportunities, allowing us to ensure greater inclusion and representation of diversity in development and project roles. For instance, closer examination revealed fewer women participating in some of the career development opportunities. As a proactive measure, people managers have been encouraged to identify and nominate more women, followed by supportive conversations, which should result in a significant increase in women being developed for leadership roles.

Mentoring

Furthermore, a learning needs analysis for women in technical roles led to the initiation of a trial for a career mentoring programme, exclusively for women as the selected mentees in the first cohort. This year, we introduced a reverse mentoring programme with all senior leaders as mentees, paired with reverse mentors of a different gender, ethnicity and, in some cases, sexual orientation. Having previously run this program with our executives, it has proven very successful, fostering greater empathy, and understanding, and yielding positive outcomes for the business while highlighting future talent.

All our DE&I activities undergo monitoring and measurement to assess success and guide future initiatives.

We confirm that the information and data reported is accurate as of the snapshot date and meet the requirements of the regulations.

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