GENDER PAY GAP REPORT - April 2019

Inline with Government legislation making it mandatory for organisations with 250 or more employees to report annually on their gender pay gap and as HR Director for Costco Wholesale I am responsible for publishing our gender pay gap information.

The gender pay gap shows the difference in the average pay between all men and women in our workforce, this is different to equal pay. Equal pay deals with the pay difference between men and women who carry out the same jobs, similar jobs or work of equal value. It is unlawful to pay people unequally because they are a man or a woman. Costco believes in transparency in all aspects of their pay rates and it is the role that attracts the salary and benefits, which are the same base level irrespective as to whether they are male or female.

For salaries we used a snapshot data on 1st April 2018, the relevant pay period was 11th March 2019 to 24th March 2019 payroll. For bonuses we used the period 1st April 2017 to 31st March 2018, the 12 months before the snapshot of salaries:

- In Costco UK we have a total of 6821 employees
- We have 5948 hourly employees
  - 2733 female (46%)
  - 3109 male (54%)
- We have 873 salaried employees
  - 305 female (35%)
  - 568 male (65%)
- All of the figures detailed below show the difference between the average earnings of men and women in our organisation expressed as a percentage
  - Mean Gender Pay gap is 21.9%
  - Median Gender Pay gap is 4.7%
  - Mean Bonus Gender Pay gap is 45.8%
  - Median Bonus Gender Pay gap is 14.57%
  - Proportion of males receiving a bonus payment is 67.1%
  - Proportion of females receiving a bonus payment is 63.8%
  - Proportion of males in lower quartile is 59.2%
  - Proportion of females in lower quartile is 40.8%
  - Proportion of males in lower middle quartile is 65.3%
  - Proportion of females in lower middle quartile is 34.7%
  - Proportion of males in upper middle quartile is 71.4%
  - Proportion of females in upper middle quartile is 28.6%
  - Proportion of males in upper quartile is 71.49%
  - Proportion of females in upper quartile is 28.6%

These calculations have been obtained utilising the mechanisms set out in the Gender Pay Gap Reporting legislation.
Explanation of figures reported:

- As a membership cash and carry warehouse the sector has historically attracted a higher proportion of male employees as a result of the perception of the roles and working conditions.
- We value length of service as an integral part of people development which is reflected in the diverse nature of the salaries paid for the same role. Consequently any newly appointed management positions will be remunerated at an entry level rate which is the same for male and female and within clearly defined bandings which reflect length of service within the position.
- Performance of either the location or department has a direct impact on potential to earn bonus within salaried positions, however hourly bonus payments are not performance related but length of service and are guaranteed payments.

Actions:

- Continuous recruitment for the role irrespective of gender via our Hire for Success programme which focuses on the behaviour rather than skill - the right person for the job and then we can train them.
- Maintain our over 50%+ full time ratio (of hourly employees) within the business to allow flexibility and a balance of work / life for all employees.
- Costco’s promise to promote from within by development of self learning, job specific training, mentoring and leadership skills.
- We continue to promote the importance of gender and diversity equality within our business. One of the pillars of this approach is our Journeys network primarily for females within the business but supported by all management within the business. Journeys promotes self development, readiness for promotion, confidence building and structured career mentoring programmes.

Sue Knowles
2nd April 2019