

Private & Confidential



Kasia Naskretska  
GMB Union

3 March 2025

Dear Kasia,

### **Response to Pay Claim 2025**

I am writing in response to the GMB Pay Claim received on 14 February 2025. We have reviewed the claim, and I have outlined our company position as follows:

#### RPI v CPI

Herman Miller and GMB have negotiated pay increases based on CPI since 2013. This can be verified by the Shop Floor Representative. We will continue to use CPI as a measure of inflation for the purposes of these negotiations. CPI is currently 3%.

#### Healthcare & Additional Holidays

Benefits such as healthcare plans and additional holiday entitlements would fall under the remit of our global Total Rewards team and as such, we are guided by global policy on these matters across all brands under MillerKnoll. However, as a business we continue to review our global benefit offerings in line with market and industry data to ensure we remain very competitive locally.

#### Review of Grading System

We are happy to commit to a review of the current Grading System as part of this negotiation. The current Grading system has been in place for three years and it seems reasonable to review that it is still fit for purpose. We can offer a commitment for a full review of the current system before the end of 2025.

#### Pay Increase Offer

In response to the request for a 7% pay increase, the company is not able to offer this level of pay increase for 2025. Since our initial meeting, the outlook for the business continues to look challenging. Therefore, we need to ensure any pay increases are representative of current business state so that we can protect future business state.

For Portal Mill, our gross margin is down 2% with volume moving away from higher margin Seating products to lower or negative margin Worksurfaces and Screens products.



In our wider UK business, gross margin has also been struggling with sales down 22% on last year which leads our contribution to group profits being down 56%.

As a result, our offer to your members for 2025 is 3%. This is based on current and future outlooks of the UK and Europe business units, as well as considering current CPI.

Based on the current outlook, we are unable to guarantee this offer in the coming months. If members accept the offer of 3%, we will honour this if agreed before 31<sup>st</sup> March 2025, and we are also happy to apply this pay increase from 1<sup>st</sup> April 2025, rather than the usual 1<sup>st</sup> June 2025. However, if the offer is not accepted by 31<sup>st</sup> March 2025, we will need to review the business conditions again which may unfortunately result in being unable to offer an increase at this level this year.

It is important to note that whilst some members at our Portal Mill plant may feel busy, this is mostly in our Woodmill department where our margins for profit are low. The other more profitable areas within Portal Mill are very slow with low order outlooks.

You noted in your claim that Herman Miller is a stable employer for your members, I would like to just reiterate this point and stress the importance of the business taking responsible, and possibly tough, decisions that ensures our associates have secure and stable long term employment opportunities.

#### Real Living Wage

Aside from the pay negotiations, it is important to Herman Miller to be competitive and attractive for new starters. As you will be aware, the NLW increases in April 2025, resulting in our lowest Grade being under this threshold. Therefore, and in line with the Real Living Wage (£12.60), we plan on increasing Grade 1 to an hourly rate of £12.96 an hour to ensure we are above this recommended level.

Hopefully this shows our commitment to being a fair employer for all levels and we look to make this change outside of the pay negotiations, from the 1<sup>st</sup> April 2025.

#### Next Steps

We kindly request that your members vote on the above offer as soon as possible and we are more than happy to provide additional support where it may be needed.

Yours sincerely

Matt Powell  
Human Resources Manager