



GENDER PAY GAP REPORT

2017

SUPPORTING DIVERSITY AND INCLUSION IS VERY MUCH IN LINE WITH OUR CULTURE, PURPOSE AND VALUES.

Here at Shop Direct, we're committed to acting fairly, honestly and openly. We're supportive of and excited by the new regulations that require many UK businesses to report their gender pay gap.

To us, these regulations signal a new dawn in creating greater dialogue and action on gender diversity - a topic that is hugely important, both in business and in wider society. Throughout our report we'll be open and transparent in sharing our gender pay gap information, offering clear explanation behind the underlying causes and, most importantly, outlining our commitments to close the gap.

As a 100% digital retailer and credit provider, we're a diverse business with colleagues working across a broad range of functions and disciplines.

Our team of 3,500 colleagues span areas including retail, tech and data, financial services, buying and merchandising, fulfilment and business support functions. We want to share a complete picture of our business, so our report talks about Shop Direct as a whole, with information on our individual legal entities summarised in the appendix.

Our ambition is to be a world class digital retailer, and we've a strong belief that this is only achievable through innovation and collaboration.

We're learning that we're at our finest when we collaborate. And it's our belief that the key to achieving our ambitions lies in harnessing the power of diverse teams – teams that bring together a mix of talent, skilled in a broad range of disciplines, offering different perspectives in order to

help us deliver innovative products and services for our customers. At the heart of our belief, is the knowledge that the most successful businesses are those which build diverse teams that are more reflective of their customers and society.

It's for these reasons that we were both delighted to take on new responsibilities to really help drive progress on our diversity and inclusion strategy. We know that we've got work to do here, and analysing our gender pay gap has shone a light on key areas we can build on and improve when it comes to gender diversity.



Phil Hackney
Group operations director

Debs Chapman
Head of reward, pensions and diversity



MAKE **GOOD** THINGS **EASILY** ACCESSIBLE TO **MORE** PEOPLE.

Like most businesses, we've identified that we have a gender pay gap, and we've taken it to heart. Whilst we know it's driven by us having more males in higher paid roles than females, to us it's symbolic of a far wider reaching gender diversity challenge in society.

We understand there is no short-term fix to what is both a business and societal issue, so we've been planning out our diversity and inclusion strategy for the long-term – focusing on gender diversity initially, and creating the foundations and framework to tackle any other challenges we may identify as we continue on our journey.

We believe that real change starts with awareness and education, and the new regulations provide a perfect opportunity for us to build from.

We've started internally by having more open and honest conversations about diversity and inclusion, and the benefits that this brings. Earlier this year, we launched 'Diversity in Digital' (a group-wide campaign underpinned by our diversity and inclusion strategy) in order to highlight the importance of this to our colleagues. To fuel our progress we appointed a Diversity in Digital forum that brings together a mix of individuals, representing a range of business functions and sites, who'll provide strategic direction and recommendations for focused action.

We've also launched an online community within our one-stop digital learning platform where our colleagues can access and share useful materials, articles, podcasts, learnings and discussion topics.

We know that this is a topic that our colleagues are truly passionate about. In fact, they're leading the way when it comes to championing diversity and inclusion.

In the past year we've seen some amazing colleague-led communities spring up, including 'The Parent Diaries' (a group aimed at, but not exclusive to, parents or those planning a family, who support one another in any related matters) and the 'Inclusion Forum' (created in response to the growing need for more females in tech but now a group for anyone passionate about gender diversity).

We love being led by our colleagues and we've been listening hard to understand more about some of the challenges that we need to address in order to support greater gender diversity. We're focusing on:

- Breaking down barriers and proactively supporting bespoke development and career progression for women and men at Shop Direct
- Helping colleagues understand the part they'll play in driving diversity and inclusion forward
- Encouraging more women and girls to pursue careers in digital, to help build more gender balanced workforces for the future
- Overhauling our parental experience

We're excited to share more on this and our other commitments on pages 13 to 15 of this report. We're on a journey, and we're ready and willing to learn as we go and play our part in driving change, as an integral part of society and as a key employer in the North West.

DIVERSITY IS THE DIFFERENCES THAT PEOPLE BRING TO A GROUP AND INCLUSION IS MAKING SURE THAT EVERYONE IN THAT GROUP FEELS VALUED, RESPECTED AND SUPPORTED FOR WHO THEY ARE, ENABLING THE GROUP TO WORK WELL TOGETHER.

We confirm that the information and data within this report is accurate.



Phil Hackey
Group operations director



Debs Chapman
Head of reward, pensions and diversity

A gender pay gap is a measure of the difference in the average pay of men and women - regardless of the nature of their work - across an organisation, business sector, industry or the economy as a whole. It can be driven by the different number of men and women across all roles. It is different from an equal pay comparison, which would involve direct comparison of two people or groups of people carrying out the same, similar or equivalent work.

In this report you'll find out about our gender pay gaps. It contains figures including mean and median pay, and bonus gaps.

THE GENDER PAY GAP

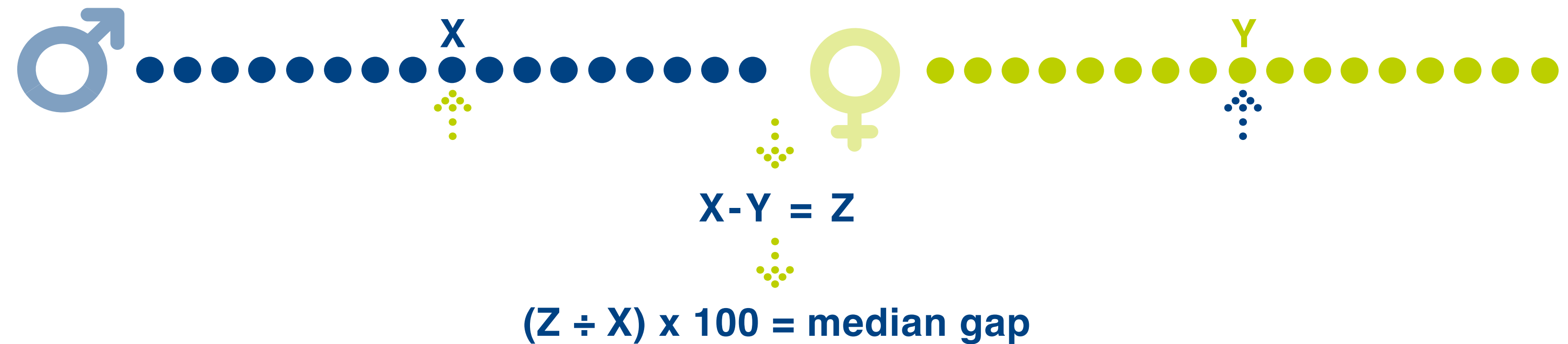


EQUAL PAY COMPARISON



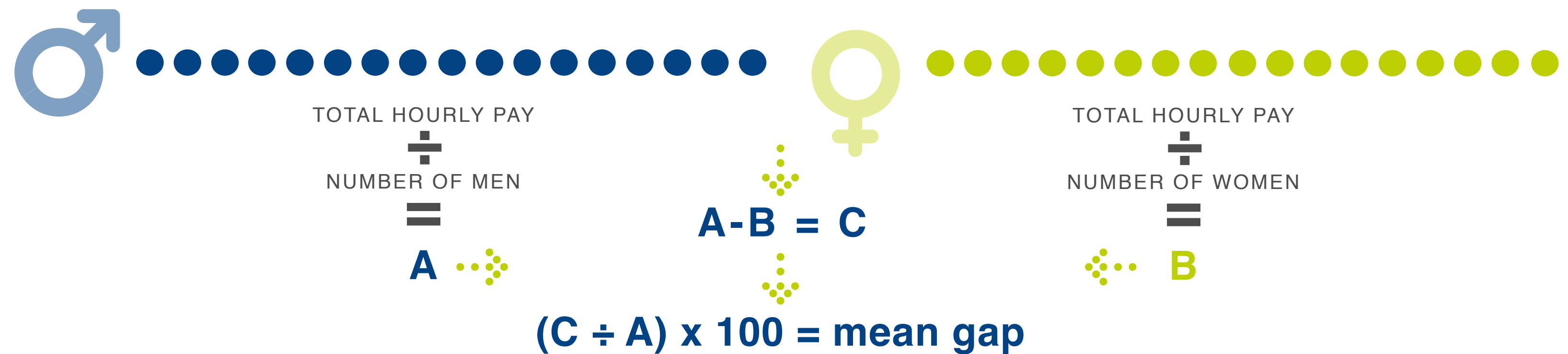
MEDIAN GENDER PAY GAP

The middle number in a sequence of numbers. To find the median, we organise each number in order by size; the number in the middle is the median.



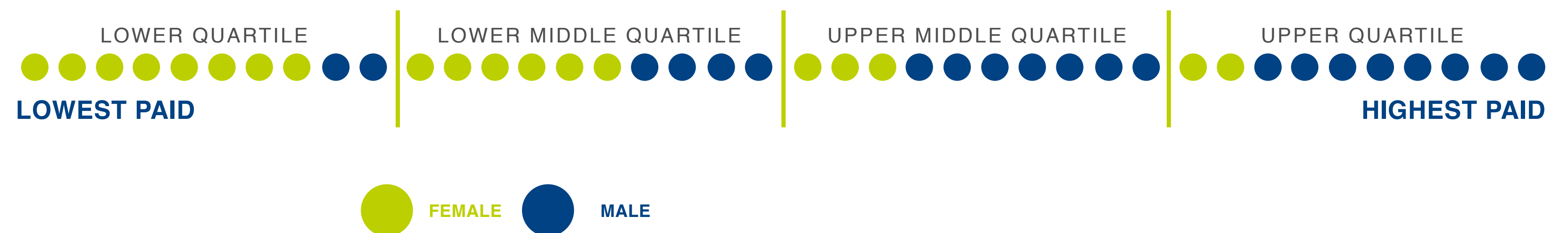
MEAN GENDER PAY GAP

The average of all numbers. To calculate the mean, we add together all of the numbers in a set and then divide the sum by the total count of numbers.



PAY QUANTILES

We identify pay quartiles by sorting colleagues from lowest paid to highest paid and splitting them into four equal groups, and calculating the percentage of men and women in each group.

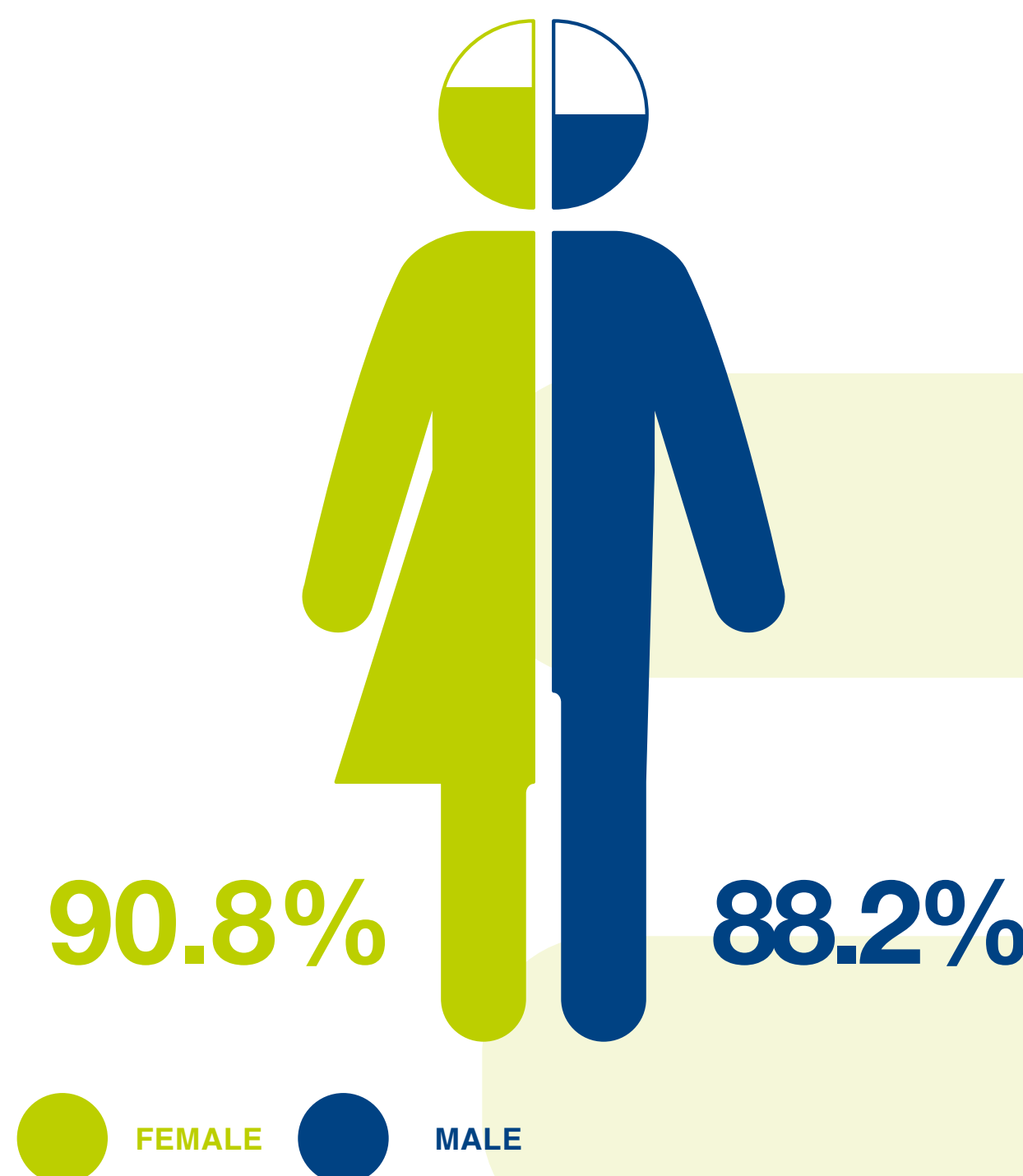


DIFFERENCE BETWEEN MEN AND WOMEN

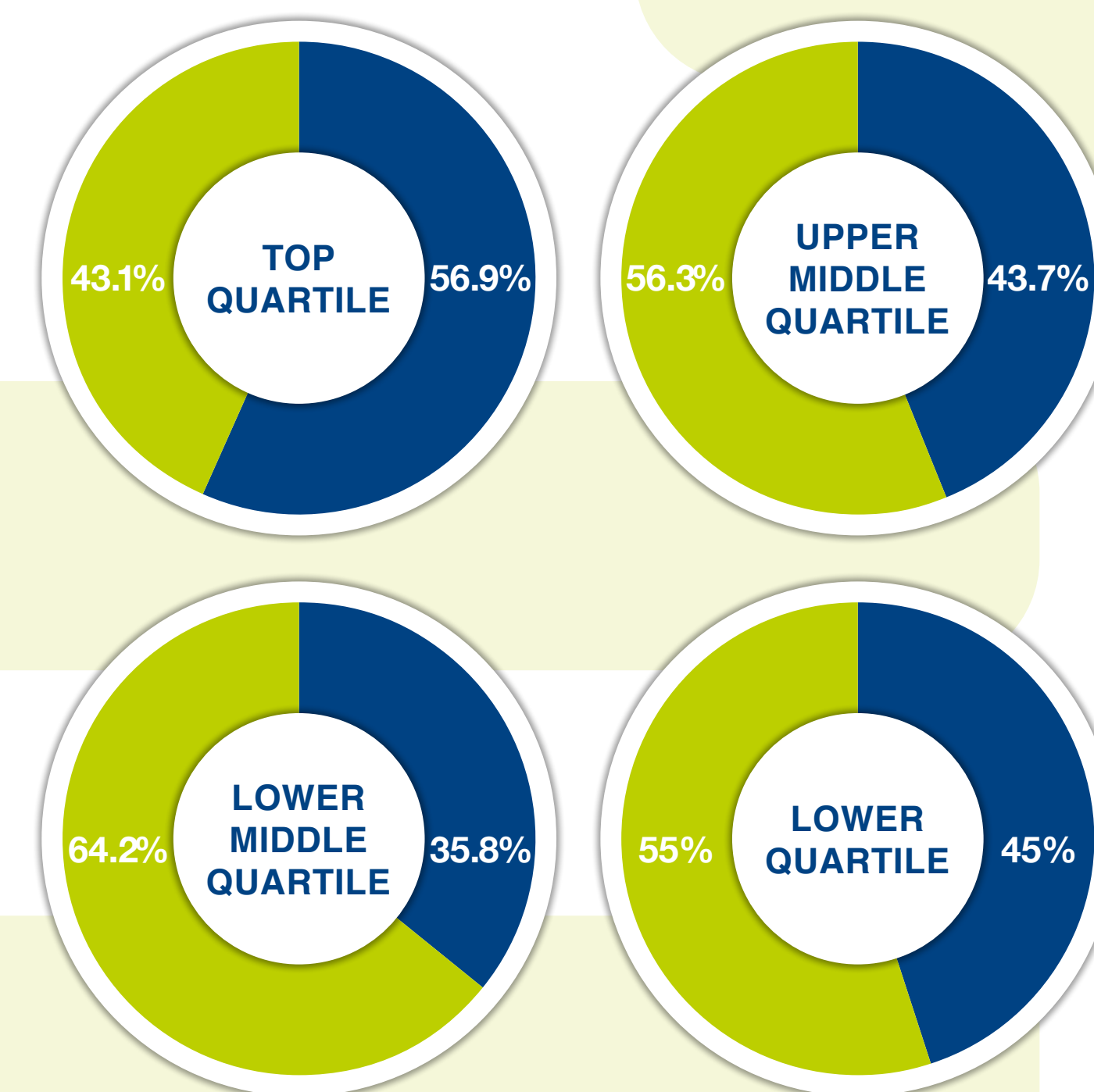
The table below shows the difference in hourly pay¹ and bonus pay² between men and women, expressed as a percentage of men's pay. For example, we see below that the median hourly pay for women at Shop Direct is 10.7% lower than men.

	HOURLY PAY	BONUS PAY
MEDIAN	10.7%	38.6%
MEAN	23.6%	61.3%

PROPORTION OF EMPLOYEES RECEIVING A BONUS



PAY QUARTILES



These figures represent Shop Direct as a whole, as we believe that this enables us to share a more accurate view of our organisation overall. Analysing data that includes all colleagues who work at Shop Direct allowed us to explore the impact of the demographics and grade mix across every part of our business, and this has informed the actions we'll be taking to help close the gap.

The regulations require us to report on each of our legal entities where 250 or more colleagues are employed, which for us means we have three to report on – each representing a slice of Shop Direct. The gender pay gap information for these entities can be found at the end of this report.

¹Hourly pay means the gross hourly pay received in April 2017

²Bonus pay is the gross bonus received during the 12 months prior to 5th April 2017

We're an organisation that obsesses about data, it drives how we serve our customers every day. We've taken our gender pay gap to heart, and have taken time to explore it and understand what it's really telling us so that we can address it in the right way. What we know is that:

Overall 56% of us are female, but this varies by function and grade.

For example, our people team (HR) is 82% female, and some of our IT and data teams are 70-75% male.

We've more men in higher paid roles and more women in lower paid roles.

We wanted to understand the impact that the shape of our organisation has on our gender pay gap. When we adjusted for this factor and equalled out the number of males and females in each of the pay quartiles, we found that our mean hourly pay gap dropped from **23.6% to 2.9%**.

There are some factors in our approach that drive the 2.9% pay gap.

We've taken a pay for performance approach to recognising colleagues' performance for the last few years. Length of service and experience creates differences in pay. We pay competitively, like many others in our market, for certain skills which are typically in areas such as IT and data – areas that are predominantly occupied by males.

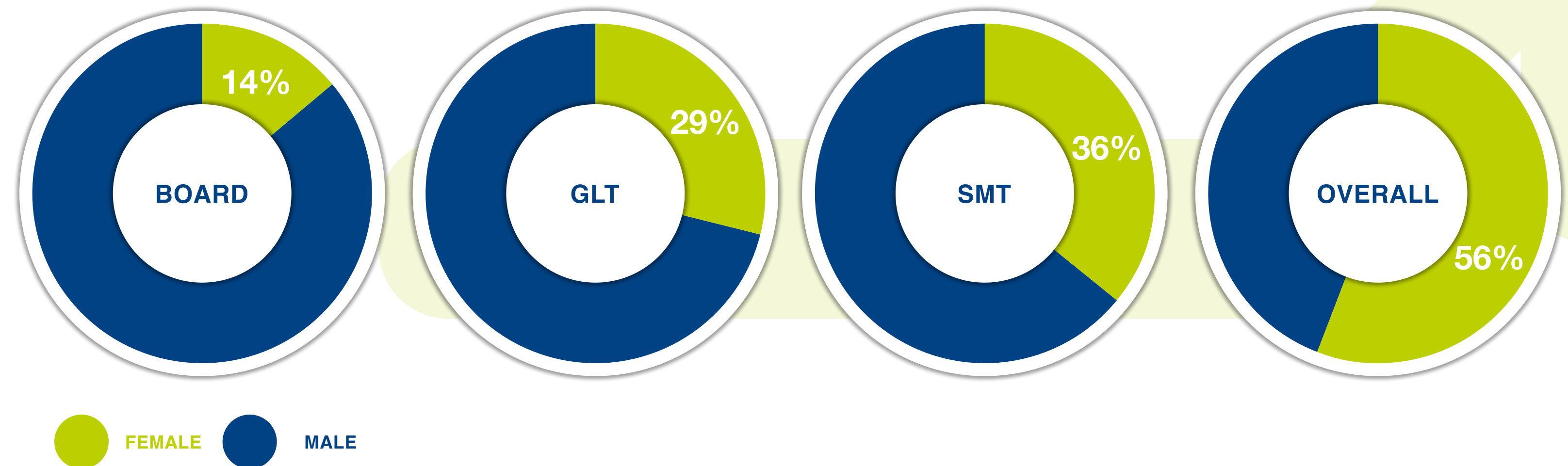
Fairness is at the core of how we pay and reward our colleagues.

Our approach to pay and bonus, regardless of which part of our business a colleague works in, is gender neutral.

OUR ANALYSIS HELPED US FOCUS ON THE REAL UNDERLYING PROBLEMS; THE 23.6% GENDER PAY GAP ABSOLUTELY NEEDS OUR ATTENTION. WE BELIEVE IT'S SYMBOLIC OF FOUR THINGS.

BOARD = Shop Direct executive board
GLT = Group leadership team (direct reports of board)
SMT = Senior management team (direct reports of group leadership team)

1 **The mix of males and females at different levels in our business.** We have more men in higher paid roles than women (see below). We know that this is a common trend in industry, and that this is influenced by broader societal issues, however it's something that we're committed to changing.



2 **Like many large businesses, to attract and retain the best senior leaders we have specific bonus arrangements in place.** These directly link our leaders to the long-term strategic direction of our business, and are set against highly ambitious targets. The snapshot period for calculating our bonus gap meant we had some of these payments to include, for company performance from 2013 to 2016. This meant that part of a payment spanning three years company performance was included. What this means for our mean gender bonus gap of 61.3% is that it is impacted by the fact that a significant proportion of our senior leaders are male, and therefore these payments have created a bigger gap.

3 As a digital and data driven business we require a broad range of skills, and to compete we have to pay competitively in the right fields.

For example, roles in areas that are highly competitive in the current market often command a market premium (such as IT and data). In these types of roles we could see a difference in pay of over 10% when compared to roles at the same grade or level in a business area where skills are more readily available. In these roles we've found that we have predominantly more men than women (over 70% male). We've also found that in some areas where skills are more readily available (and therefore not subject to a market premium), we have more females than males, for example in HR where we have 82% females. The combination of these factors has an impact on our gender pay gap.

4 Almost a third of our colleagues work on a part-time basis, and three in four of those are female.

This impacts our gender bonus gap. We're proud of the flexibility we offer - it enables us to serve our customers 24/7 and to provide our colleagues with flexible working opportunities that help them achieve better work-life balance. However, the regulations have not been designed to take account of bonuses that are paid on the basis of a colleague's part-time salary. Where actual bonuses paid are included in the calculation, they are not up-weighted to reflect what the payment would have been had those colleagues received the full-time equivalent bonus. For example, whilst on a full-time equivalent basis two colleagues could receive the same bonus percentage, if one works part-time their bonus will be less because it's reflective of their part-time salary. This makes the overall bonuses paid to females look lower (as a result of our part-time population being predominantly female), but we're confident all colleagues are treated fairly and equally regardless of their working pattern. The table to the right illustrates the impact that this has.

EXAMPLE BONUS CALCULATION (AS PER REGULATIONS)

	FULL-TIME	PART-TIME
HOURS WORKED	37	20
SALARY	£20,000	£10,811
FULL-TIME EQUIVALENT SALARY	£20,000	£20,000
BONUS %	5%	5%
BONUS £	£1,000	£541
DIFFERENCE IN BONUS	£459	
EXPRESSED AS A BONUS GAP (AS PER THE REGULATIONS)	46%	

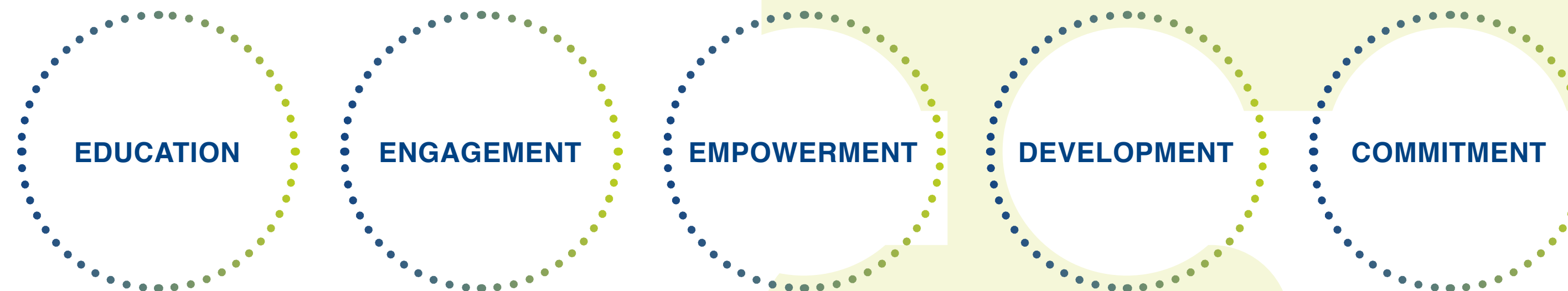
We're sure that our gender pay gap is not an equal pay issue. The analysis we've undertaken in producing this report has highlighted that imbalances in our demographics, grade mix and part-time colleague population have the greatest impact on our gender pay gap.

The most significant impact comes from the fact that we have more males than females in senior and higher paid roles. This is where we need to take focused, purposeful action to help redress the balance and therefore help close our gender pay gap going forward.

We recognise the importance of gender diversity, particularly in an organisation such as ours, with predominantly female customers being served by a business that is powered by technology – a sector where we see predominantly more males (74%*) than females.

The huge impact of demographics and grade mix that we've seen in our own data, and across other reports, means that we see the gender pay gap as being part of a broader societal issue. And we'll be working alongside some external partners to help bust myths, break down barriers and champion more diverse workforces.

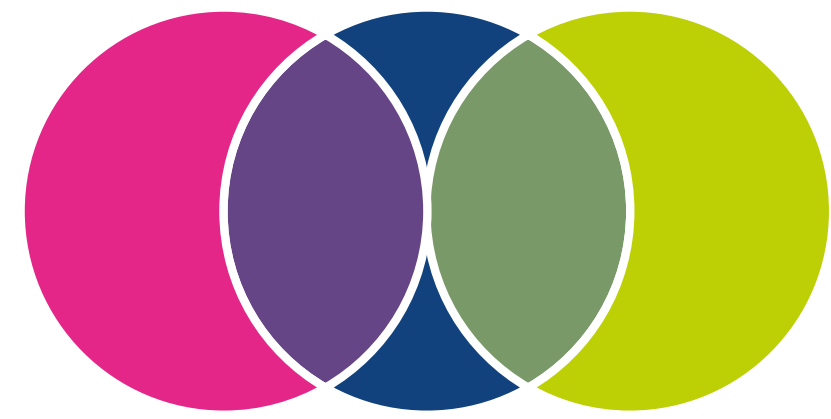
We've created a diversity and inclusion strategy that will be led by our data, focus on education and learning, and enable us to tackle any challenges by taking focused action. It's our belief that by enabling a more inclusive culture, we will create the environment for diversity to thrive. And that's what we're focused on doing. Our diversity and inclusion strategy focuses on:



We've kicked off the first part of our diversity and inclusion action plan by focusing on gender. We've started to highlight the importance of gender diversity at every point in our colleague journey – from attraction and recruitment, to development and leadership.

*Mercer's Gender Pay in the UK High-Tech industry report found that the tech industry is made up of 74% males.

Over the past 12 months we've been engaging with internal colleagues and external experts to learn more about this topic and understand how to best focus our efforts to drive progress.



DIVERSITY IN DIGITAL

We've appointed a head of diversity and an executive level sponsor to shape our diversity and inclusion strategy

- Debs Chapman, head of reward and pensions, broadened her remit to take on responsibility for diversity and inclusion at Shop Direct.
- Phil Hackney, group operations director, was appointed to lead and sponsor our Diversity in Digital campaign, ensuring that there is an awareness and importance placed on gender equality at the most senior levels of our organisation.

We've launched Diversity in Digital - a dedicated forum and online platform for all things related to diversity and inclusion

The purpose of Diversity in Digital is to highlight the importance and benefits of diversity and inclusion and to help drive progress in this area through engagement, education, empowerment, development and a commitment to tackling any challenges in an open and collaborative way. This takes the form of a physical forum, an online community, regular communications and opportunities for learning (including online modules and workshops). Our online community provides a space for colleagues across different teams and locations to access and share useful materials, articles, podcasts, learnings and discussion topics.

TALENT@SD

We've sought to tackle the gender imbalance in our leadership team by actively seeking at least an equal gender balance of candidates when hiring externally

Our board has remained at 14% female since 2013, however our female directors have grown from 15% to 29% with the increase being achieved through internal promotions and external hires. The senior management team has grown from 32% to 36% female over the same period, predominantly through internal hires.

We've been focussing on embedding a culture of giving and receiving feedback

We're just starting to scratch the surface of this, but in 2017 we held a three-day learning event at our head office that touched on unconscious bias, referencing the importance of understanding and learning from different perspectives. This was geared towards making our colleagues feel empowered to have open and honest conversations, regardless of hierarchy. We believe this will encourage any challenges to surface, so we are more aware of them and can work together to tackle them.



We've kicked off conversations and opened up the lines of communication

We've engaged our 'people forums' - colleague representatives that regularly come together to represent the views of different business functions and sites in order to drive targeted local action plans. This has been vital in helping us understand more about what diversity and inclusion means to our different teams and the different challenges that we have in different teams and business functions.



Our colleagues are leading the way by creating organic colleague-led groups that focus on specific areas of diversity and inclusion that they feel passionately about

We're passionate about the fact that supporting diversity and inclusion is something that everyone within our organisation can play their part in. And we're actively encouraging our colleagues to get together and celebrate their differences and share experiences. So far we've seen the launch of The Parent Diaries and The Inclusion Forum which are colleague-led, organically created groups that help people understand more about challenges that could have an impact on diversity and inclusion.



We've engaged external partners to help encourage more girls to pursue STEM subjects (science, technology, engineering and mathematics) and see digital retail as a viable career option

We've partnered with Liverpool Girl Geeks to help drive better gender diversity within our early talent pipeline. Through our partnership we are able to help showcase digital careers to girls from ages 11 and up, with a view to inspiring them early on in their school life to make clearer option choices. We host workshops, tours and lectures at Shop Direct to help attract more girls to careers in digital industries and encourage them to apply for our apprenticeships. This has helped to increase our girls in tech apprenticeships from 0% to 19% in 3 years.

We have a regular guest lecture programme with our partner universities, University of Liverpool and Manchester Metropolitan university, typically across the tech and data disciplines. We work hard to ensure that there's a strong representation of both genders across these lectures, and where possible we seek to showcase female role models to help inspire other females into careers in digital retail.



We're committed to playing our part in helping to tackle the broader societal issue that impacts the gender pay gap. We've been working with trade bodies including the BRC, BIMA and Liverpool and Sefton Chamber of commerce to collectively lobby on the importance of encouraging girls to pursue STEM subjects

We see this as vitally important to helping address the skills gap that the UK is facing, particularly when it comes to digital skills. We're open and honest in sharing the challenges we face as a digital business and we continue to engage with partners in similar industries to try to drive change.

Debs Chapman, our head of reward, pensions and diversity, sits on BIMA's diversity council. We also have representatives on the BRC's employment and skills member group to ensure we continue to represent the challenges faced and that we work together to create purposeful solutions.

WE'RE COMMITTED TO TAKING ACTION TO CLOSE OUR GENDER PAY GAP. WE BELIEVE THAT THE KEY TO CLOSING THE GAP IS CREATING THE ENVIRONMENT AND OPPORTUNITIES FOR GENDER DIVERSITY TO THRIVE, AND EACH OF OUR COMMITMENTS IS GEARED TOWARDS THIS.



DIVERSITY IN DIGITAL

1

We'll break down barriers and proactively support bespoke development and career progression for women and men at Shop Direct

We're introducing a new set of leadership qualities and core capabilities with a focus on building the leadership we need for the future. These qualities have been written in a more gender balanced way and will see us drive for a greater focus on team leadership over task management.

- **Leadership qualities include:** Communicator, enabler, curious, open-minded and adaptive
- **Core capabilities include:** Technically literate, data driven, commercially aware, customer obsessed and talent focused
- We'll engage and connect our leaders with these qualities and assess their current capability, providing personalised development against them. We'll seek every opportunity to align development to diversity.

We'll showcase our fantastic female role models – both internally and externally through talks, workshops, events and our Diversity in Digital online community.

We'll hold our first ever gender diversity 'hack' – a workshop focused on getting under the skin of gender diversity and aligning all our leaders to the same level of understanding of the importance and benefits of gender diversity in business.

2

We'll help our colleagues understand the part they will play in driving diversity and inclusion forward at Shop Direct

Building on what we started last year, we'll help our colleagues to understand the impact that unconscious bias has, and we'll start to remove this from our colleague journey. Starting with our leaders and managers, we'll be rolling out unconscious bias training across all our sites.

We'll continue to keep the lines of communication open - using our colleague networks, Diversity in Digital forum and online community to ensure that we're taking the right actions to support our different teams and sites. We'll continue to be open and honest in sharing our progress and we'll actively seek feedback from our colleagues.

We'll continue to build on our Diversity in Digital online platform – educating our colleagues through regular updates, signposting learning modules, articles and podcasts, and encouraging peer-to-peer sharing and discussion.

3 We'll encourage more women and girls to pursue careers in digital to help build more gender balanced workforces for the future

We work hard to attract a balance of males and females at the point of recruitment. However, we know that the broader societal issue that really impacts males and females pursuing different career paths is going to take a long time to fix. We have to take further action to redress the balance, and we're working with some fantastic partners in order to tackle some of these challenges together.

We'll continue our work with Liverpool Girl Geeks and InnovateHer – a UK-wide network of schools-based academies that are geared towards helping to tackle the gender imbalance in tech.

- Our talent director, Helen Miller, has recently joined the InnovateHer board. As part of the board, Helen will provide industry expertise and strategic direction to help guide the organisation as they grow, develop their programmes and reach, and work towards decreasing the gender imbalance in tech.
- Kate Rylance, our UX research manager, is the first InnovateHer teach lead. Kate's role as teach lead will see her take female students (age 11 to 15) through a hands-on 8 week course designed to provide a flavour of different digital roles whilst they innovate and build tech solutions to address real world problems. It also helps provide future mapping to support them to take the first steps towards their dream career.

We learned from our first year of apprenticeships that we won't just find the gender balance – we have to take action to ensure that we achieve it. This year we're working with some all girls schools, as well as mixed schools, to give us a wider reach into more diverse talent pools with the STEM skills that we need access to. We're partnering with Manchester Metropolitan University to offer 10 degree level apprenticeships this year, across a mix of software engineering, data analytics, robotics and business analysis.

- We'll showcase our female apprentices and interns to help our attraction strategy – through workshops, role modelling and tours of our head office.

I DIDN'T KNOW MY KIND OF JOB EXISTED WHEN I WAS IN SCHOOL. INNOVATE HER IS ABOUT INSPIRING GIRLS TO BE PASSIONATE ABOUT TECH; OPENING THEIR EYES TO NEW SKILLS AND FANTASTIC OPPORTUNITIES THEY'VE NEVER HEARD OF BEFORE.

Kate Rylance
UX research manager



WHEN OUR COLLEAGUES TELL US WE NEED TO IMPROVE THINGS, WE TAKE ACTION. OVERHAULING OUR PARENTAL EXPERIENCE IS ABOUT SHOWING OUR COMMITMENT BY SUPPORTING OUR COLLEAGUES THROUGH ONE OF THE MOST IMPORTANT JOURNEYS OF THEIR LIVES.



4

We'll overhaul our parental experience - from the way we talk to new parents to enhancing our maternity, paternity and adoption package

We identified that the percentage of colleagues leaving our business after maternity leave was much higher than we see across our business as a whole, so we held focus groups to understand more about why this was happening. We listened to colleague feedback on maternity, adoption and paternity policies and explored lots of ideas on how we could improve them.

We're increasing parental pay for eligible colleagues due to give birth, or whose partners are due to give birth, or with an adoption placement date on or after 1st April 2018. Maternity and adoption pay will increase from 8 weeks full pay to 16 weeks full pay. Paternity pay will increase from 2 weeks full pay to 3 weeks full pay.

We're completely revamping our approach and our policies on this topic

- Changing the way that we communicate with parents at Shop Direct, to ensure that they understand how much they are valued
- We're overhauling all of our parental policies to make them simpler, more engaging and easier to find
- We've created an online forum dedicated to Parents@ShopDirect where all of our colleagues can easily access information and guidelines to help them plan
- We're trialling flexible working hours in certain areas of our business – encouraging colleagues to be led by our trusted value to agree a solution with their line manager that works for their business area and helps support their work-life balance

One of our female senior leaders is trialling a sabbatical – leading the charge to see how this could work for us in future, in order to help us further support work-life balance for those with family commitments outside of work.

We're confident that the steps we are taking will help us to tackle the challenges highlighted in our gender pay report, and in turn to help close our gender pay gap. We look forward to reporting progress in our 2018 report.

SHOP DIRECT

Read more about Shop Direct, including our business and culture

[Click here to read about us](#)

[Click here to read about our values](#)



Gender Pay Gap Reporting overview

[Click here](#)

Learn more about our partners



innovate<her>
AMBITIOUS

www.innovateher.co.uk



www.liverpoolgirlgeeks.co.uk



BIMA
PROUD

www.bima.co.uk



www.brc.org.uk
INNOVATIVE

References

*Mercer's Gender Pay in the UK high-tech industry report. Page 6, section 5.

<https://www.uk.mercer.com/content/dam/mercer/attachments/private/uk-2016-equal-diversity-inclusion-gender-pay-gap-in-the-high-tech-industry-mercer.pdf>

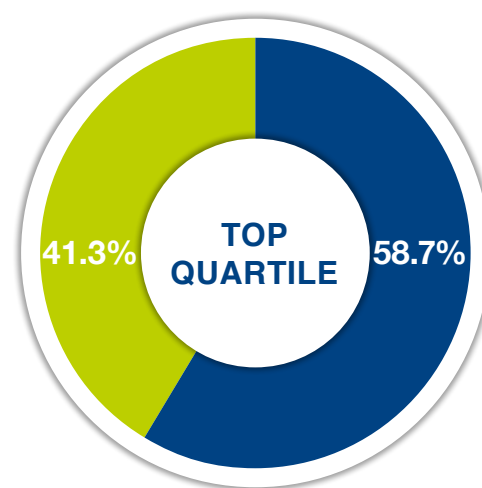
Shop Direct is a business with a long heritage – in fact, we’ve been around for over 80 years. Whilst we are known publicly as Shop Direct, a digital retailer with a unique customer proposition, in the background we have a number of legal entities that make up our business and that our colleagues are employed by, as a result of our complex history.

We have six legal entities in total, but as part of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, we’re required to report on three of these because they have 250 or more employees. Below you’ll find details of our gender pay gap report at a legal entity level, as well as some further information on the demographics and grade mix within these separate legal entities.

SHOP DIRECT HOME SHOPPING LIMITED

	HOURLY PAY	BONUS PAY
MEDIAN	6.3%	29%
MEAN	18.7%	50.7%

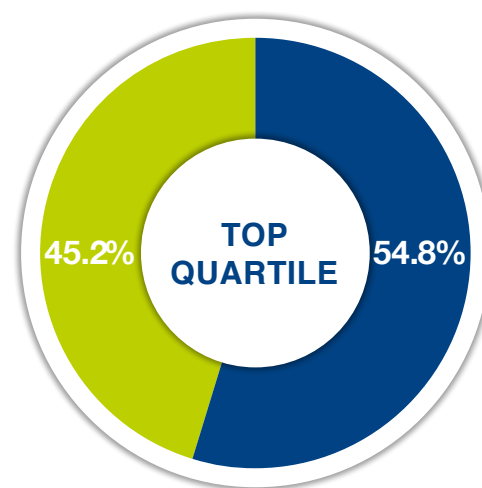
PAY QUARTILES



SHOP DIRECT FINANCE COMPANY LIMITED

	HOURLY PAY	BONUS PAY
MEDIAN	6.6%	15.2%
MEAN	26.5%	85.3%

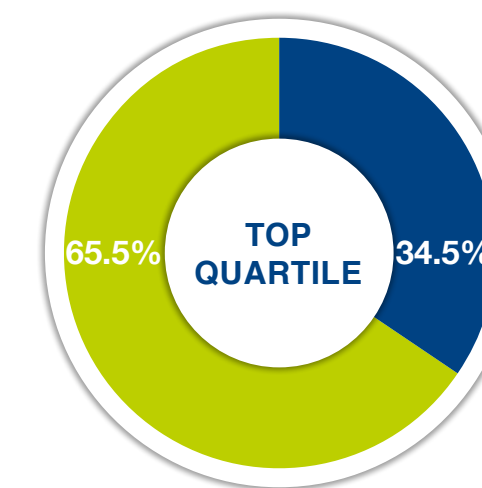
PAY QUARTILES



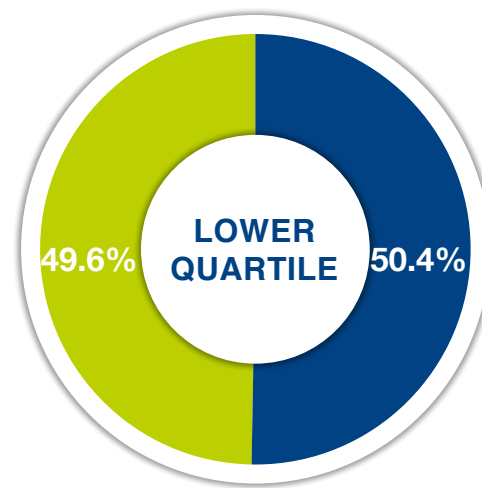
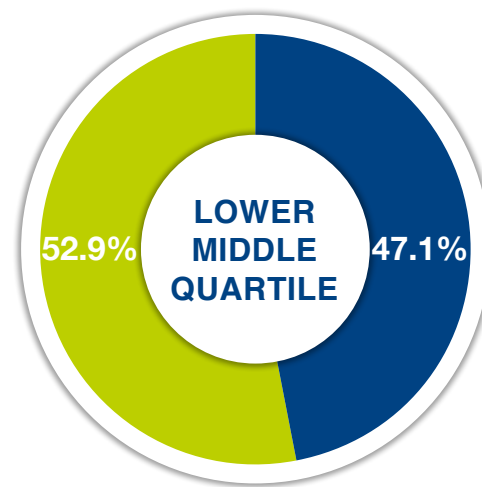
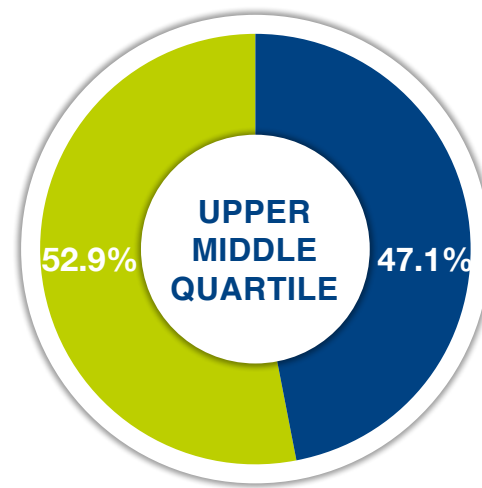
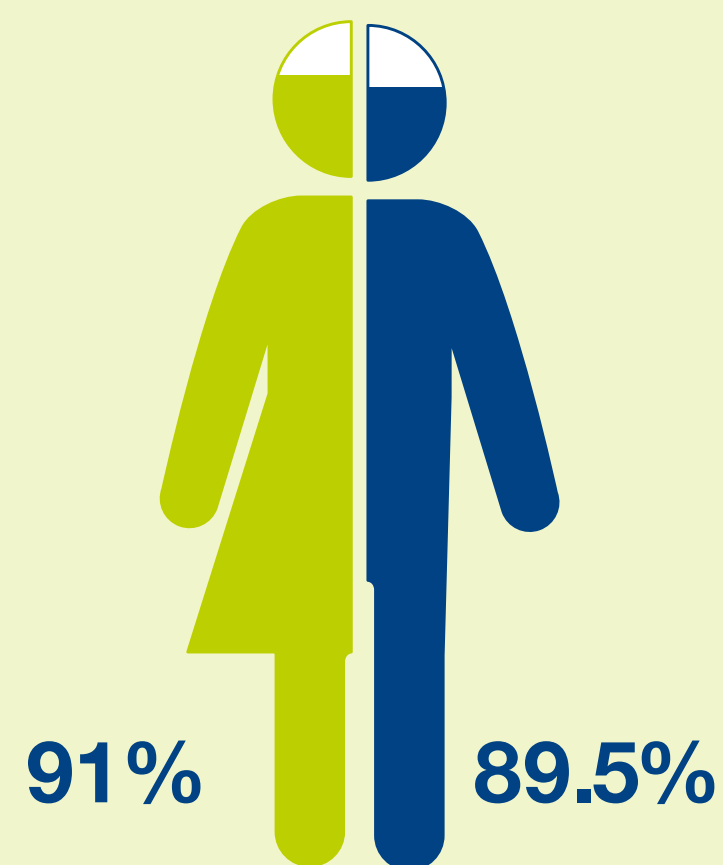
SHOP DIRECT GROUP FINANCIAL SERVICES LIMITED

	HOURLY PAY	BONUS PAY
MEDIAN	7.2%	25.7%
MEAN	21.6%	77.4%

PAY QUARTILES

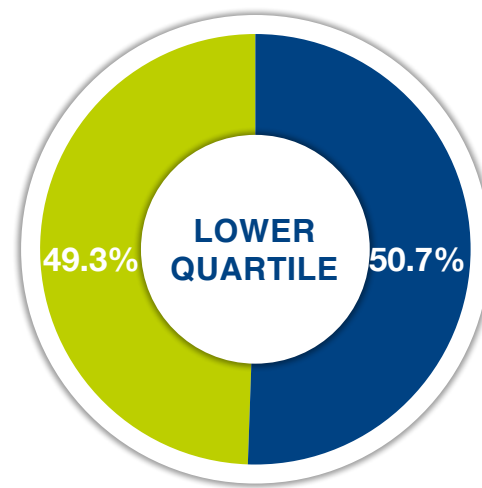
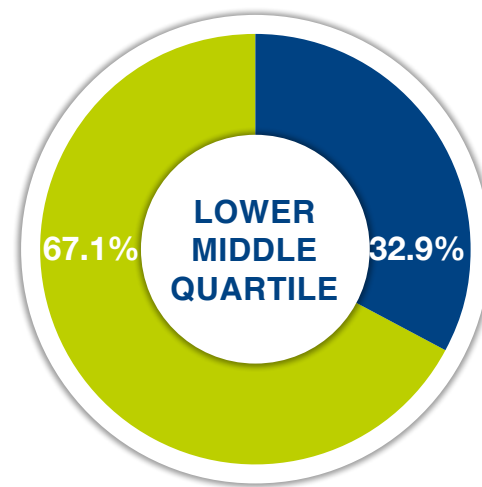
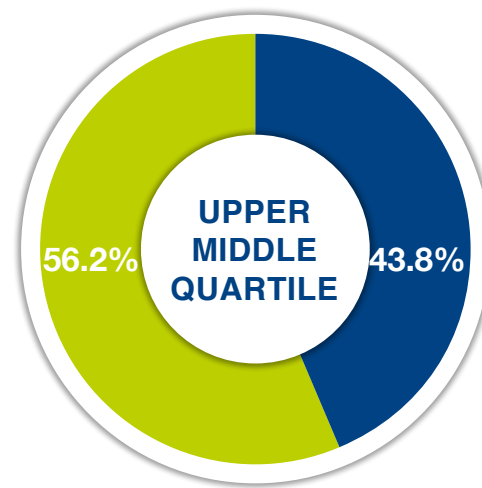
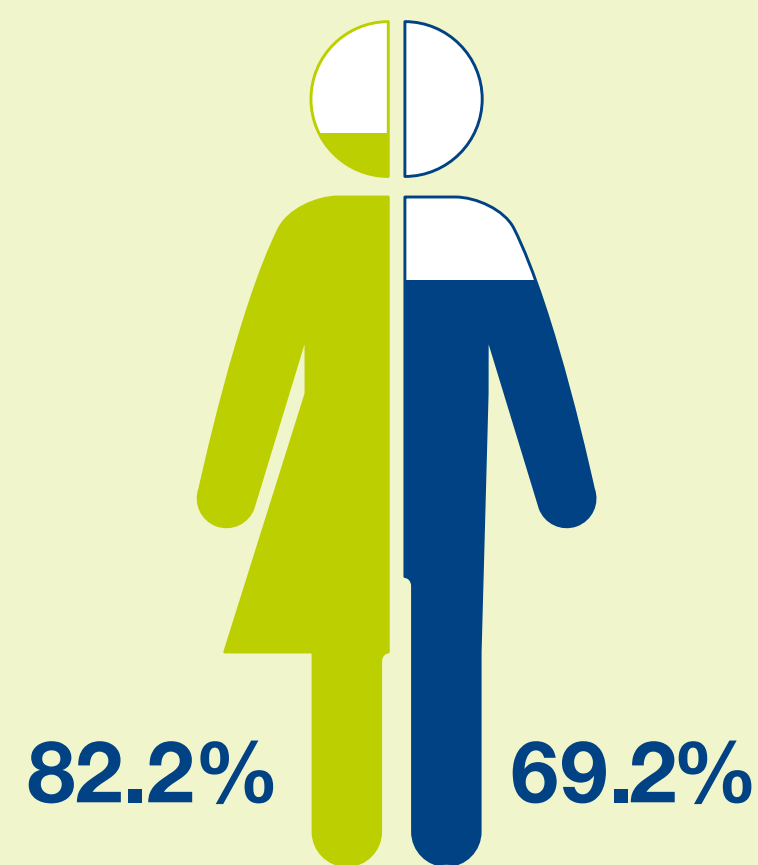


PROPORTION OF EMPLOYEES RECEIVING A BONUS



- 74% of all colleagues are employed by this entity, including the majority of our senior leaders (of which 64% are male)
- Wide range of roles including head office and fulfilment
- Gender split is almost 50:50
- 27% of colleagues work part-time, of which 65% are female

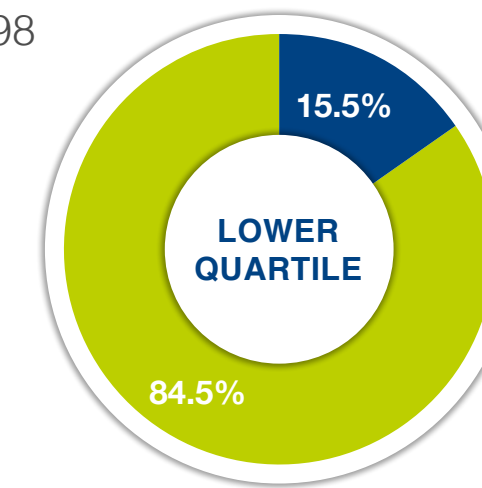
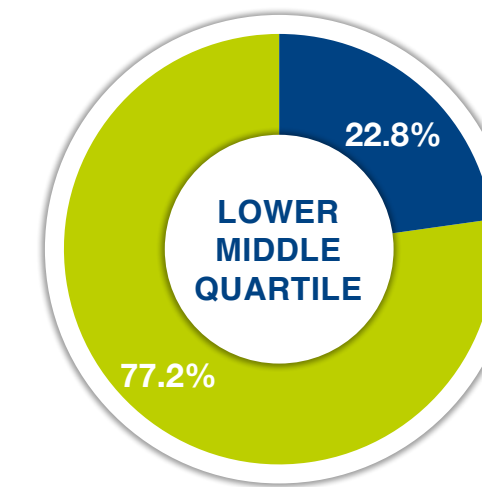
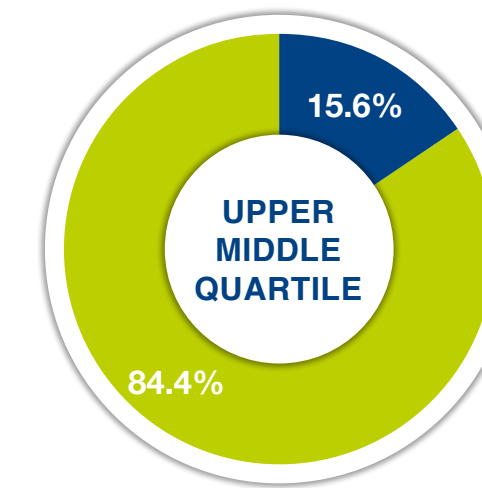
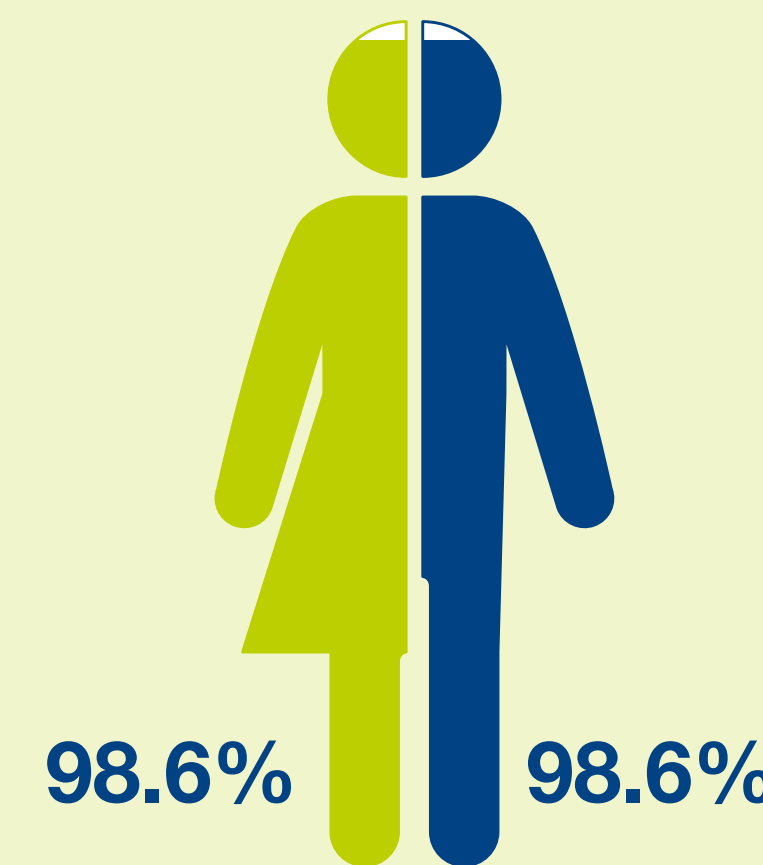
PROPORTION OF EMPLOYEES RECEIVING A BONUS



- Colleagues employed by the Financial Services part of our business hired since 2009
- 8% of all colleagues (at snapshot date) are employed by this entity
- 54% of colleagues are female but majority of senior leaders are male
- 24% work part-time, of which 76% are female

FEMALE MALE

PROPORTION OF EMPLOYEES RECEIVING A BONUS



- Colleagues hired into Financial Services from 1998 to 2008
- 10% of all colleagues (at snapshot date) are employed by this entity
- 78% of colleagues are female.
- 54% work part-time, of which 89% are female
- Two senior leaders, both are male

We see the same influencing factors play through in each of our legal entities. However, as a result of the composition of our three individual entities, we have found some additional factors that drive the gender pay gaps at this level.

- 1** | **We're pleased to offer bonus arrangements as part of our reward package, and anyone that's not paid a bonus at Shop Direct is due to ineligibility.** Examples of this can include joining part way through the performance year, personal performance, or that their reward arrangement doesn't include a bonus (very few people). Having seen the varying degrees of colleagues receiving a bonus, particularly those employed by Shop Direct Finance Company Limited, we've analysed our data and confirmed that those not in receipt of a bonus are in fact due to ineligibility.
- 2** | **Where an hourly pay gap exists and bonus is paid on a percentage of salary basis, it exacerbates a bonus gap.** Bonuses for the majority of our colleagues across our varied arrangements are paid this way, and as a result, our bonus gap is directly impacted by our gender pay gap.
- 3** | **As called out earlier in our report, we've market aligned bonus arrangements for our most senior leaders (with the majority being men) which impacts our bonus gap.** It's more prevalent when looking at bonus gaps for each legal entity, particularly in Shop Direct Finance Company Limited and Shop Direct Group Financial Services Limited, because we have no females with these arrangements employed by these entities. It's clear to see the impact these outliers have on our mean bonus gaps when compared to the median bonus gaps, as the median bonus gaps are significantly lower.