

Gender Pay Gap Report



Introduction



Kate Hobhouse
Chairman

At Fortnum's, we believe in attracting the broadest range of talent, and embracing individuality. Our goal is to create an inclusive culture where our people feel a sense of belonging and can be their best selves for our customers, suppliers and each other. We are also committed to equal pay, and to ensuring that our teams, regardless of gender are paid fairly and equitably for the same role or work.

Our workforce remains very diverse and is made up of over 60 different nationalities in the UK, with an even distribution of men and women across the company (54% women and 46% men). While this is something we continue to be very proud of, we continue to challenge ourselves on how we can reach further into new communities to attract women with more diverse backgrounds and skills into the business.

The disruption in the world of work and the changing expectations of employees mean that we need to continue to design imaginative and exciting career paths that will allow our women to flourish. Our ambition is to grow and nurture our own talent, and to provide tailor-made routes to mastery for everyone, regardless of their gender. As a result, we focus on the needs and motivations of our people, to design the right interventions and learning opportunities that have real meaning and value.

We continue to recognise the importance of significant life moments, and have taken great strides to enhance our maternity and paternity pay, as well as provide support to colleagues who have experienced pregnancy loss. As a family business, we know how important it is to support one another in both the happiest and the toughest times. I am very proud of the care and additional effort that we put into truly listening to our people and making sure that we address their core needs. None of us have been immune to the effects of the pandemic and whilst it has been an incredibly challenging time it has been very special to see how our teams have come together as one large community, all in support of each other, united by a strong sense of purpose and, above all, kindness.

I am also very proud of our Belonging Network and our Family Network which both launched in the past year, to help drive action in support of our inclusion and diversity ambitions, and to provide parents and carers with a vital forum for

debate, support and learning respectively. We are all very aware of the strain that the pandemic has placed on so many at home and at work and the networks have been a great source of comfort, assistance and inspiration for many. I was so delighted to see a group of very young members of the Fortnum's family experiencing their first ice creams in The Parlour in December at one of our very popular Family Network Christmas events.

Our underlying gender pay gap for the year to 5th April 2021 differs to previous years, when it has been consistently negligible. This is due to the distribution of men and women across the different divisions of the business and the differing impact of the various Covid-19 restrictions on our

teams. This had a disproportionate impact on the gender pay gap, and therefore it was not a true reflection of the structure and equality of pay at Fortnum's. We have tried to carefully illustrate this in the pages that follow.

In summary, I am pleased with the progress that we have made on this important agenda in the last year, and with our broader efforts to ensure that everyone has a strong sense of belonging and purpose. We will not rest in our desire to create more opportunities for women to thrive and flourish and I look forward to us continuing on a path of real and meaningful change.

March 2022



"Fortnum & Mason is committed to creating a workplace that is both reflective of our customer base and of the world we live in. Being an inclusive employer isn't simply the right thing to do, it continues to be a vital factor in our long-term success. We are more focused than ever on harnessing the diversity of talent, thought and skills at every level of our company so that everyone can thrive and grow together. The most progressive organisations have understood their own diversity, creating cultures that foster innovation, and our aspiration should be the same. We know our population is very diverse so we want to listen and to have our perspectives challenged. It is the only way that we will achieve our ambitions and continue to be sustainable in the future."

Tom Athron, Chief Executive Officer

Measuring the gender pay gap



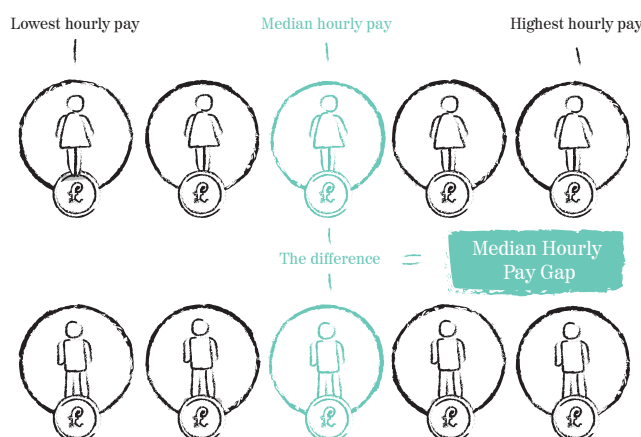
The gender pay gap shows the difference in average pay between women and men. This is different to equal pay which relates to the pay women and men receive for the same role or work. All companies with over 250 employees within the UK must report their gender pay gap, across four categories:

1. Mean and median gender pay gap in hourly pay
2. Mean and median bonus gender pay gap
3. Proportion of women and men receiving a bonus payment
4. Proportion of women and men in each pay quartile

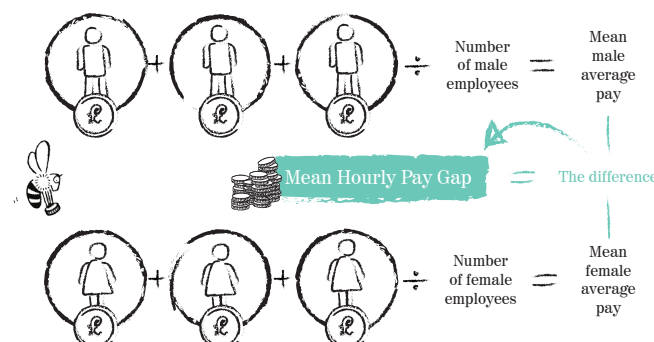
As of 5th April 2021 (the date of reporting) Fortnum & Mason in the UK comprised of 4 stores and 9 hospitality outlets, employing people across three core areas: Retail and Stock Operations, Head Office and Hospitality in a range of disciplines from Chefs to Sales Associates, from IT professionals to our Warehouse team at Piccadilly. At the time of reporting, Fortnum & Mason employed 758 permanent and fixed term employees; 54% women and 46% men.

As defined by the government, the gender pay gap calculations must only take into account “full pay relevant employees” at the date of reporting. That means any employee who was paid less than their usual rate, due to long-term leave during that period, is not included in this report. This report takes into account 692 full pay relevant employees.

How we calculate the median difference



How we calculate the mean difference



What does this tell us?

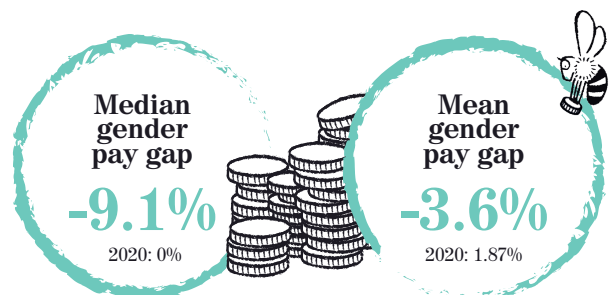


Our gender pay gap

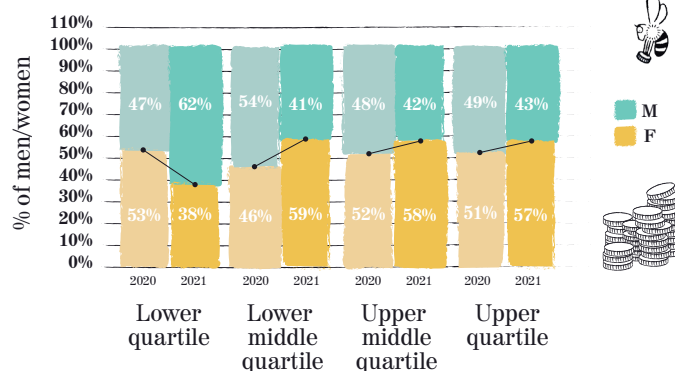


As of 5th April 2021, the **median gender pay gap** at Fortnum & Mason was -9.1% (2020: 0%). The **mean gender pay gap** was -3.6% (2020: -1.87%). At a headline level, this means that across both measures women were paid more than men. The reason for this is detailed on page 7 in 'Explaining our Pay Gap'.

In 2021, 57% of our upper pay quartile and 58% of our upper middle pay quartile consisted of women, compared with 51% and 52% of women in these respective quartiles in 2020. Equally, there was a greater number of men in the lower quartiles than in the previous year.



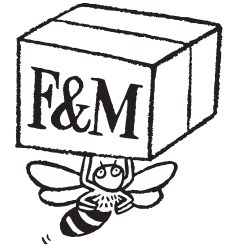
Proportion of women and men in each quartile



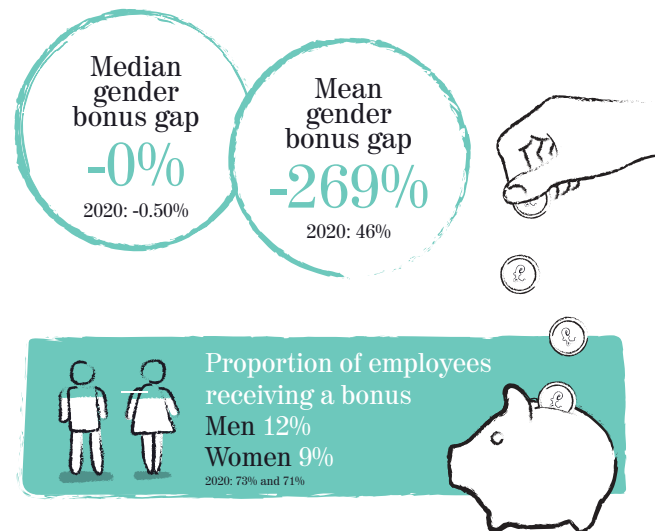
The information being published relates to employees of Fortnum & Mason PLC on the UK government snapshot date of 5 April 2021. The ordinary pay gap relates to pay received in the period of April 2021. The bonus gap relates to variable payments received in the 12 months to 5 April 2021. I confirm that the gender pay gap data in this report is accurate.

Justin Carmichael, Chief Financial Officer

Bonus Pay Gap



The **gender bonus pay gap** calculation was based upon those eligible to receive a bonus, a total of 77 people, 12% of men and 9% of women did. The majority of the bonuses paid were long-service awards. The **median gender bonus pay gap** was 0%; the **mean gender bonus pay gap** was -269%. This is because a small number of larger bonuses proportionately were paid to women. The mean calculation takes into account all bonuses paid, so it is therefore skewed by these larger values.



"Fortnum's is a family business and the support we offer our teams as they manage their work and family life is something we are focusing on more than ever. I am delighted that we now offer our employees enhanced maternity leave, enhanced paternity leave and additional support for colleagues experiencing pregnancy loss, and that our policies and financial support are competitive within our industry. We learn so much through conversations with our Family Network. In 2021 topics included returning to work from leave, parenting through the changing landscape that the pandemic has created, navigating the new school year, and bringing the magic of Fortnum's to our families. There is always more we can do to support our people at important moments in life, from welcoming a child into the family through to elder care, and I'm excited about the discussions our network are already having this year and the opportunities they will create for Fortnum's."

Justin Carmichael, Chief Financial Officer and Executive Sponsor of Family Network

Explaining Our Pay Gap



Fortnum's 2021 gender pay gap was impacted by two variables over the period in question: the distribution of men and women across our key business areas – Head Office, Retail and Stock Operations and Hospitality – and the impact of Coronavirus on Hospitality pay, since this division had to close a number of times over the year.

As of 5th April 2021, 43% of women worked in Head Office, compared with only 23% of men. 44% of all men worked in Hospitality. This is particularly relevant, as our restaurants closed for much of 2020 and early 2021 (nine months in total) due to coronavirus, therefore impacting men more than women. Whilst we continued to pay our teams throughout the year and we took a conscious decision not to participate in the UK Government Furlough Scheme, our hourly paid Hospitality employees saw a fall in their pay, as

they did not earn the same level of service charge as when our restaurants are open. However, fixed entry rates of pay in Hospitality, regardless of gender, means that our median pay gap in this area of the business is 0.1%. Similarly, in our Retail business, the median pay gap is 0%.

We did not pay an annual performance-related bonus to any of our teams in the year in question, therefore the bonuses are mainly small, long-service awards and employee referral incentives, for which all employees are eligible. There were, however, a small number of slightly larger commission payments paid only to women, which is what has skewed the mean bonus value.

In summary, our pay gap in 2021 did not reflect any change in our approach to rewarding performance for either women or men.



"Having worked at Fortnum's for several years, I have felt supported in developing my career and understanding what opportunities were available to me. During this time I have also become a mum for the first time and I was conscious of the impact this could have on my career path. However, I was able to balance work alongside home life through flexible working hours and working from home."

Helly McAlister, NPD Lead

Our approach



Supporting our people

In 2021 we increased the focus on our Listening Strategy by creating more opportunities for our people to feed back on the issues that matter most to them, such as inclusion and wellbeing. In response to our most recent employee engagement survey which ran at the end of 2021, our Executive Team developed and shared four areas of focus where we can drive further positive change.

Fortnum's will continue running short pulse surveys throughout the year, so that we can be increasingly flexible and agile in how we respond to our people and their needs.

We continue to hold regular listening sessions for people from all parts of our business to discuss

important topics – such as our ways of working – with our CEO Tom Athron. Our Executive Team hosts live fortnightly updates for all staff on priority areas for our business, which includes an interactive Q&A session. Our focus on wellbeing, both physical and mental, will continue this year and is a priority for us going forward.

As we continue to adapt to hybrid working, we are also taking the opportunity to invest in our digital infrastructure to help us transform how we are working remotely, following investments in our physical environment and office spaces at the beginning of the pandemic. Our approach will be flexible once more, allowing our teams to work dynamically.



"Year on year I am proud to say Fortnum's continues to make progress in our shared desire to be an inclusive and modern workplace. We monitor workplace trends more broadly, but most importantly we are always trying to do the right thing by everyone who works for our business. We believe wholeheartedly in making everyone feel that they are part of one community, which provides opportunities no matter what your circumstances or wherever you work. We are committed to providing an environment where our people can thrive and are proud to work."

Dawn Douglas, HR Business Partner, Operations

Support for communities across Fortnum's

In 2021 we launched two new internal networks:

- Belonging Network – Inclusion and Diversity
 - » a group of people from across Fortnum's who are passionate about inclusion and diversity. They have been discussing a range of diversity agendas and initiatives have included a transgender awareness and allyship talk, celebrating religious festivals and cultural moments through food, Pride Month and Black History Month.
- Family Network – to support our parents and carers
 - » a working group meets regularly to discuss events, resources and support for parents

and carers at Fortnum's. To date the network has hosted guest speakers and internal events themed around parenting challenges and finding a work/life balance, welcomed employees and their children to Piccadilly to share some Christmas magic and created a digital community to share recourses and ask questions.

Enhanced pay

In 2021 we refreshed our family policies, to further support our colleagues at important moments in life. They now include:

- six months' enhanced maternity leave
- four weeks' enhanced paternity leave
- support for colleagues experiencing pregnancy loss



"The strength and success of our business lies with our people. Fortnum's is a fabulous family, full of a rich and exciting diversity of talent and capability that brings with it innovation and passion. It is hugely important that everyone gets an opportunity to contribute to the success of the business, no matter what their role or skill set, and equally that everyone is given the opportunity to learn and develop both personally and professionally for their own benefit and the future of Fortnum's."

Rob Corpe, Head of Logistics