

Gender Pay Gap Report



Introduction



Kate Hobhouse
Chairman

At Fortnum's, we believe in embracing individuality, valuing our differences and empowering our people to succeed. We want to build happy and engaged teams with a strong sense of belonging and trust; one where leaders foster an inclusive culture. As a company that employs over 1000 people globally, we have a responsibility to remove barriers to progress and provide everyone with the same opportunities to succeed.

Gender equality has always been important to me; ensuring that our teams, regardless of gender are paid fairly and equitably for the same role or work. I am proud that our workforce is made up of an even number of men and women (54% female and 46% male), that is largely reflective of the UK population. We know diversity speaks to more than gender and we continue to challenge ourselves on how we can reach further into new communities to attract men and women

of all ages, with diverse backgrounds and skills into the business - whether that is through greater emphasis on part time roles, flexible working or establishing new routes to sourcing talent. Last year we welcomed several inspiring women into leadership positions – including Liz Darran, our Chief Brand & Creative Officer who sits on our Executive Team.

The changing expectations of employees mean that we need to continue to design imaginative and engaging career paths that will allow us to grow and nurture our own talent, and to provide tailor-made routes to mastery for everyone, regardless of their gender. Throughout the year, we promoted 152 colleagues across the company – providing opportunities for men and women alike to grow their careers with us.

We will only create belonging if our teams feel heard. That's why we spend a lot of time listening to and reflecting on the core needs and motivations of our people so that we can design the right interventions that help our people thrive. Having asked our teams to share more personal details with us, we now have a better understanding of our team members' background and characteristics. The more we know about the people who work for us, the more we can do to empower them to thrive.

Kindness is such a vital quality in today's world – and providing support in both the happiest and toughest times is key. That's why I am particularly pleased of the care and additional effort that we put into truly listening to our people and

providing networks so that our teams can come together as a community, to learn, educate, share advice and support one another. Further to the success of our Belonging and Family Networks which launched in 2021, to help drive action in support of our inclusion and diversity ambitions, a new network was formed in early 2022 - the Menopause Network - which provides support and education around this important stage of a woman's life.

I am pleased with the progress that we are making in ensuring that our teams have a strong sense of belonging and purpose. We will not rest in our desire to create more opportunities for men and women alike to thrive and flourish however, and I look forward to us continuing a path of real and meaningful change.

March 2023



"Fortnum & Mason is committed to creating a workplace that is both reflective of our customer base and of the world we live in. Leading an organisation where everyone, regardless of their personal characteristics, background or experience, feels like they can belong, progress and be fairly rewarded is personally incredibly important to me. The gender pay gap report continues to be an agent for positive change in this respect. As I read ours, it is really pleasing to see that our gender pay gap has narrowed and is almost zero. Our commitment to this agenda and to equal pay are unwavering, and we continue to challenge ourselves on how we can underpin women's success in the workplace, whilst ensuring all genders thrive and flourish in our care."

Tom Athron, Chief Executive Officer

Measuring the gender pay gap

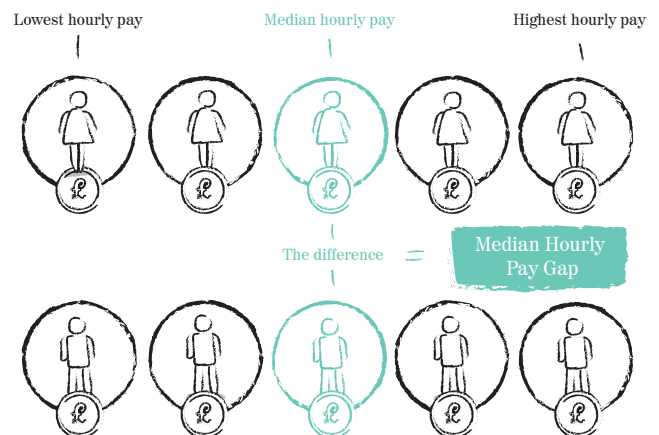


The gender pay gap shows the difference in average pay between women and men. This is different to equal pay which relates to the pay women and men receive for the same role or work. All companies with over 250 employees within the UK must report their gender pay gap, across four categories:

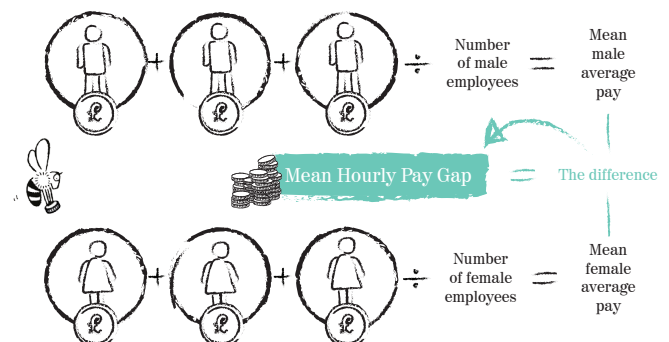
1. Mean and median gender pay gap in hourly pay
2. Mean and median bonus gender pay gap
3. Proportion of women and men receiving a bonus payment
4. Proportion of women and men in each pay quartile

As of 5th April 2022 (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 869 (up from 758 in 2021) 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 805 full pay relevant employees.

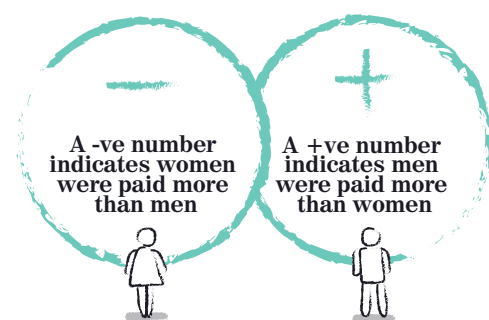
How we calculate the median difference



How we calculate the mean difference



What does this tell us?

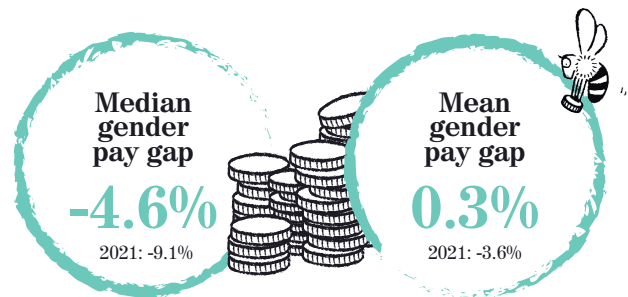


Our gender pay gap

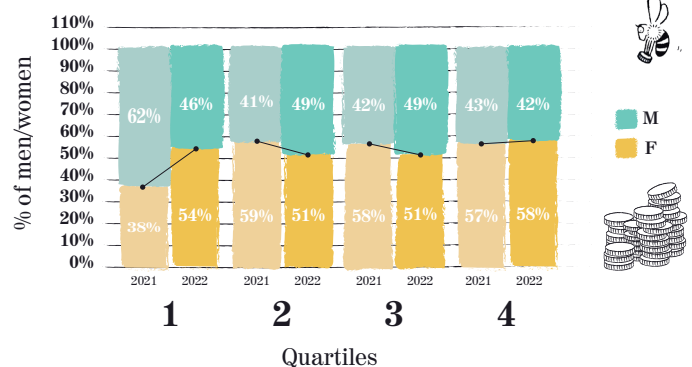


As of 5th April 2022, the **median gender pay gap** at Fortnum & Mason was -4.6% (2021: -9.1%). The **mean gender pay gap** was 0.3% (2021: -3.6%). At a headline level, this means that on average women were paid the same as men. The reason for this is detailed on page 7 in 'Explaining our Pay Gap'.

In 2022, the representation of women and men was broadly equal in each **pay quartile**, other than in our upper pay quartile, where 58% were women.



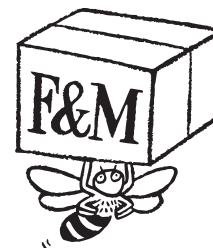
Proportion of women and men in each quartile



The information being published relates to employees of Fortnum & Mason PLC on the UK government snapshot date of 5 April 2022. The ordinary pay gap relates to pay received in the period of April 2022. The bonus gap relates to variable payments received in the 12 months to 5 April 2022. I confirm that the gender pay gap data in this report is accurate.

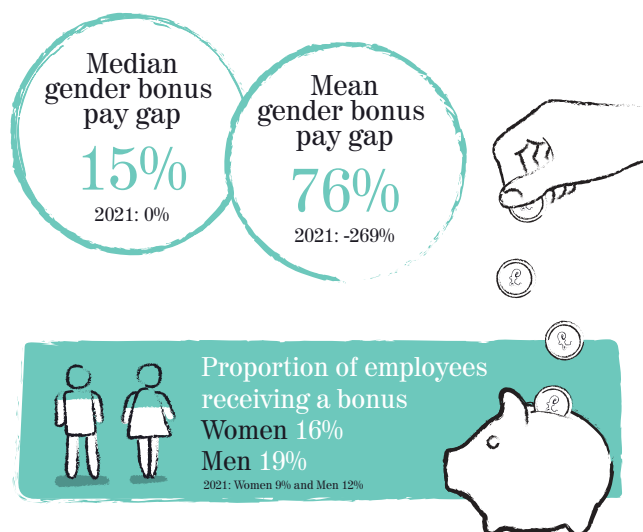
Justin Carmichael, Chief Financial Officer

Bonus Pay Gap



The **gender bonus pay gap** calculation was based upon those eligible to receive a bonus, a total of 150 people. Of these, 16% of women and 19% of men received one.

The majority of the bonuses paid were recruitment referral incentives. The **median gender bonus pay gap** was 15%; the **mean gender bonus pay gap** was 76%. This was because a smaller number of larger bonuses proportionately were paid to men.



“As Executive Sponsor for Inclusion & Diversity, I couldn’t be prouder to fly the flag for belonging and inclusion here at Fortnum’s. Although led from the top, our people are vital catalysts for change. Our Belonging Network, which comprises of a group of passionate people from across Fortnum’s, who meet regularly to explore how to drive action across the business, create meaningful dialogue so that we all feel represented and confident to be our authentic self. In the past year, they have created countless opportunities for education and celebration – including hosting a Women in Business Panel, Menopause Nutrition talk and other events which intersect multiple dimensions of diversity - really helping to drive the conversation forward when it comes to equality.”

Jon Weg, Chief Transformation Officer and
Executive Sponsor of Inclusion & Diversity

Explaining Our Pay Gap



Fortnum's gender pay gap is almost negligible. Across the business, on average, women were paid the same as men, and more than men using the median, given the greater proportion of women than men in the workforce and a larger number of women in our upper pay quartile and senior leadership positions.

Additionally, there was a much more even distribution of men and women across each pay quartile than in the previous year – bar the upper pay quartile, which contains slightly more women.

Due to the impact of the covid 19 pandemic on the company's financial performance, we did not pay an annual performance-related bonus to our teams in the year in question. As a result, the bonuses paid were mainly small, long service

awards and recruitment referral incentives, for which all employees are eligible. There were, however, a small number of long term incentive plan payments made to Senior Executives, of which more were men than women - which explains the gap.

Across our three core business areas: Head Office, Hospitality and Retail, there was an even split of men and women in Retail, a greater proportion of women than men in our Head Office, and a greater proportion of men than women in Hospitality.

59% of our new joiners were female. Lastly, a slightly greater number of men (54% versus 46%) than women were promoted throughout the year into senior roles.



“ I am delighted that our gender pay report shows just how men and women are valued equally. There are so many platforms that people can engage with to share their voice, and there is a genuine sense of togetherness as a result. With better insight at our fingertips, we are able to use the information we have gained to really focus our efforts and create a truly equitable environment where our people can thrive and are proud to work.”

Katrina Erdman, HRBP and Gender Champion

Our approach



Supporting our people

In 2021 we created a number of employee networks to help drive education and celebration of our differences and provide connections of support to our employees. 2022 saw a new Menopause Network formed by our female employees – providing a safe space to share personal experiences and a platform to engage our teams with the challenges that this time in a woman's life presents. Open to anyone who wants to understand more, it provides support and helps educate those interested in learning more about this often-challenging stage of a woman's life.

The relationship between health, wellbeing, diversity and the important role an organisation has in facilitating dialogue, and listening has never been more apparent. We have a comprehensive annual calendar of events that speak to these important matters, and hosted talks with inspiring speakers on topics such as the Menopause, Allyship in the transgender community and neurodiversity, and publish a monthly wellbeing newsletter that speaks to women and men's health.

We know just how difficult it is to affect change without measuring it. In 2022, we began gathering personal data on our employees so that we would have better insight of the make-up of our teams. As of September 2022, we had a 66% completion rate. This data will allow us to better understand the steps we need to take to create a more equitable workplace.

Having empathy is key to driving a sense of belonging. We continued to listen to our teams by providing countless opportunities for our people to feedback on the issues that matter most to them. In response to our most recent employee engagement survey which we ran at the end of 2022, our Executive Team developed and shared actions that focus on four areas, to where our people told us we can drive further positive change.

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Providing an environment and workplace that enables our teams to deliver their best work remains a focus. We know that flexibility is key to work life balance, but this manifests itself in different ways for different people. After all, we are all unique. We continue to support dynamic working and encourage a hybrid work week with our head office teams. In hospitality and retail our ambition is to open up more part time roles, so that we can attract a greater range of people at different stages of their life to work with us.

Creating connection and community across Fortnum's

Alongside our existing employee networks, in 2022 we introduced the Menopause Network who meets regularly to provide support and education to women and men interested in learning more about this important topic.

- In the last year there have been talks from nutritionists and doctors, as well as coffee mornings and guidance published to our managers.
- Speaking more openly about the Menopause and the way it can impact our people day to day is the first step to normalising it, and ensuring our teams and managers know what they can do to support.

Enhanced pay

Since launching our family policies in 2021 – including our 6 months' enhanced maternity leave,

four weeks' enhanced paternity leave and support for colleagues experiencing pregnancy loss - 11 men and 47 women have utilised our offering; providing additional financial stability and much needed time when people need it most.

Flexibility

Never has it been more apparent that people want work life balance. Giving men and women alike the flexibility to be able to deliver their best work is a core belief of ours – whether that is through the provision of part time work, flexible working hours or hybrid working.

- In 2022, 12% (compared with just 6% the year prior) of our employees fulfilled part time roles.
- Our office staff, where their roles permit, are encouraged to split their time between the office and home, so that they can gain from both working environments.



"The Menopause group, has become a great forum for education and support for Women at Fortnum's. Having other women to talk to who understand the perils and the joys of being either in perimenopause or menopause has been invaluable. As a group, we've gained a lot from external specialists sharing their insight with us – on topics such as Nutrition and Female Health. All events are open to everyone, and this active dialogue has really helped to erase the 'taboo' that surrounds the menopause and educate our managers and teams – helping create a more equitable environment for women at this point in their life."

Christina Eagles, Project Manager