

CLARKS UK

**GENDER PAY
GAP REPORT**



WELCOME

MESSAGE FROM BELINDA DEERY, CHIEF PEOPLE OFFICER

At Clarks, we understand the clear benefits for all of an inclusive culture. Since last year's Gender Pay Gap report, we have been working hard to understand the underlying causes of our figures, so that we can address these to the full extent of our control.

We have invested in bespoke research, brought in independent expertise and listened to our people to achieve this.

Raising awareness among our colleagues has also been a key priority for us, and we have introduced training and resources that improve understanding of unconscious bias, diversity and inclusion.

We believe in enabling everyone to reach their potential and are working to better enable diverse talent to progress within our business.

There is still much more to do, both within Clarks and more broadly across society, and it will most likely be some time before we see change on the scale that we would like. The drivers of the Gender Pay Gap are complex and, in some places, driven by deeply engrained societal norms that require significant collective action.

However, like every business, we have a part to play in tackling the inequality that exists. That is why we have signed up to initiatives that see us working alongside other businesses and organisations to identify and champion best practice.

This report is one way of gaining more understanding in this area, but it should not be the only one. We will continue to look at these statistics as part of our ongoing drive to create the most inclusive business possible.

A handwritten signature in black ink, appearing to read 'B. Deery'. The signature is fluid and cursive, with a large loop at the end.

Belinda Deery, Chief People Officer

UNDERSTANDING THE FIGURES

HOW ARE THE GENDER PAY GAPS CALCULATED?

Following the reporting regulations set out by the UK Government, we have extracted data about the pay of our 8,532 UK colleagues as at 5 April 2018.

The **median gender pay gap** is calculated as follows: if all our UK employees were lined up in a female line and a male line, in order of pay from highest to lowest, the median gap is the difference in hourly pay of the female in the middle of her line when compared to the hourly pay of the man in the middle of his line.

It does not compare the pay of men and women doing the same role.

The **mean gender pay gap** compares the average hourly pay of men, with that of women. This figure is heavily influenced by the numbers of men and women in different roles.

Calculations for median and mean figures are also carried out in relation to bonus pay over the year to 5 April 2018, and we also show the proportion of men and women receiving any bonus pay during that period.

PAY QUANTILES

The report also illustrates the proportion of men and women in four 'pay quartiles'. The quartiles are calculated by splitting employees into four groups of an equal number of people, based on their pay.

WHAT'S INCLUDED IN EACH CALCULATION?

The data for both the mean and median gender pay gaps, and the pay quartiles, includes both ordinary and bonus pay as defined below, based on data as at 5 April 2018.

Ordinary pay includes basic pay, but also other pay such as leave pay and shift allowances. Overtime, redundancy or benefits in any form other than money are not included.

Bonus pay includes our retail incentive scheme and our annual bonus scheme – and any other additional pay that relates to profit sharing or performance. This is the same definition used for bonus pay in relation to the bonus pay gap.

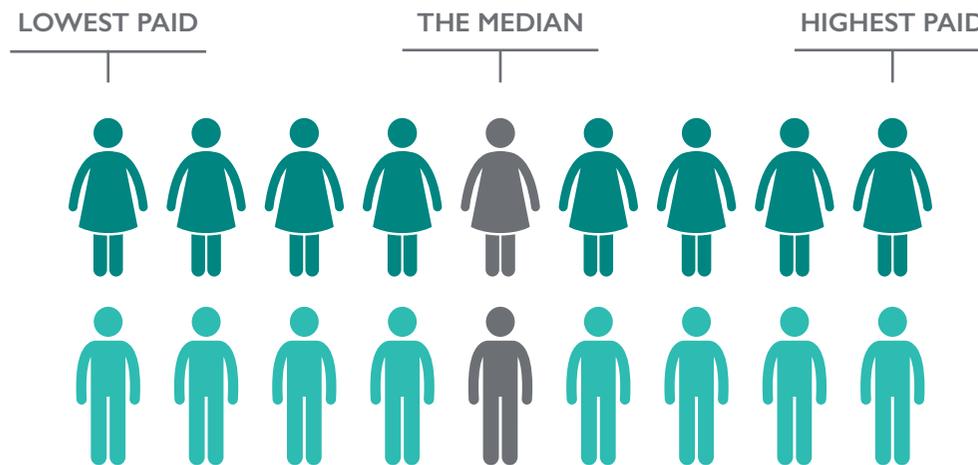
OUR GENDER PAY AND BONUS GAP FIGURES

The table below shows our overall mean and median gender pay and bonus gap, based on hourly rates of pay.

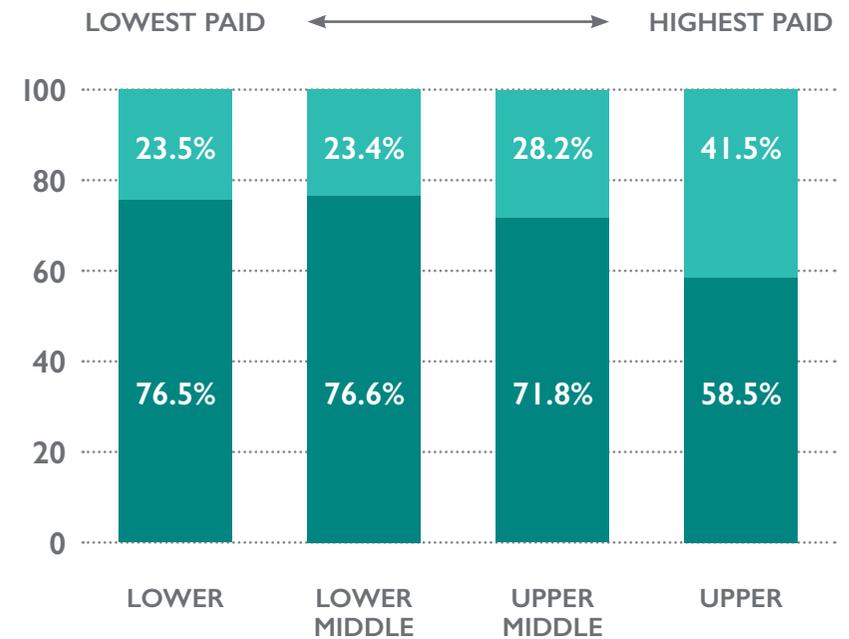
	MEAN	MEDIAN
GENDER PAY GAP	23.0%	5.1%
GENDER BONUS GAP	70.3%	7.5%

Our **mean gender pay gap** shows that average hourly pay (including bonus) for women is 23% lower than the average hourly pay for men.

Our **median gender pay gap** shows that the hourly pay of the female in the middle of her line is 5.1% lower than that of the man in the middle of his line.



PROPORTION OF MEN AND WOMEN IN FOUR EQUAL PAY QUARTILES



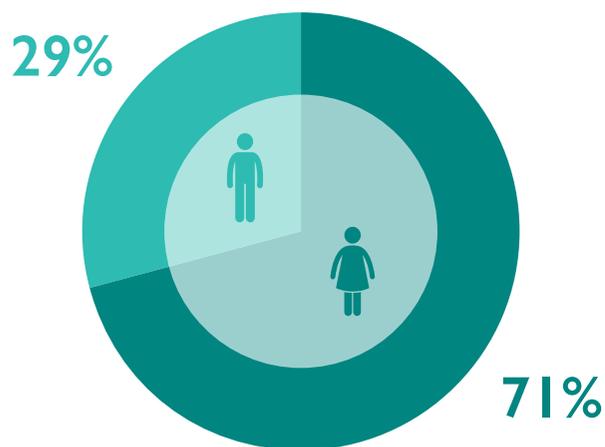
UNDERSTANDING OUR FIGURES

The key factor that continues to influence our gender pay gap is the balance of men and women across different job levels.

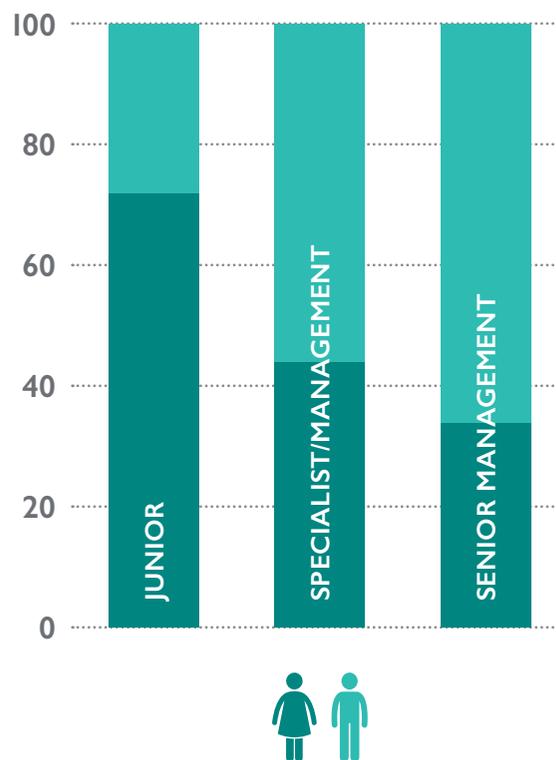
The following graphics show the overall gender balance in our business and within different work levels and types of role.

Overall, 71% of our colleagues are female and 29% are male. However, most of our lower paid roles, in our retail stores, are held by women, whereas most higher paid roles, in our global headquarters in the UK, are held by men.

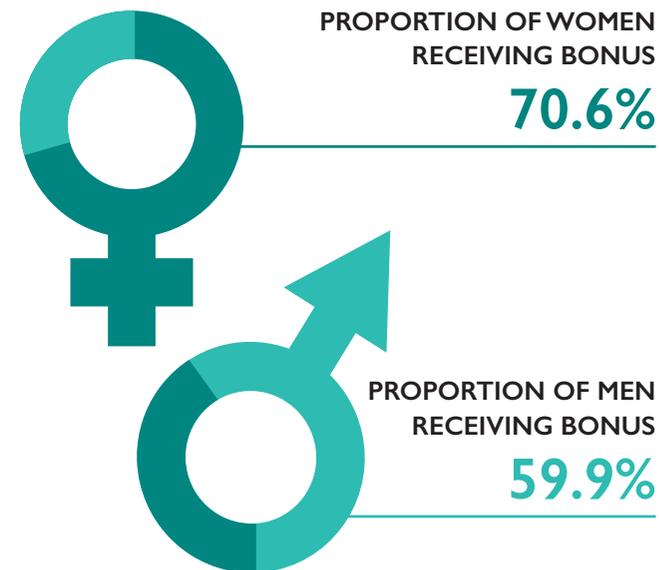
OVERALL GENDER BALANCE



We know from listening to our people, that the flexibility offered by working in our stores assists with work/life balance and this may explain the higher proportion of women in these roles. However, we are keen to encourage and support more women into senior roles in our business, to improve the balance at the top.



Due to our bonuses for senior roles being calculated as a percentage of pay, having more men in our most senior, highest paid roles also drives the bonus pay gap. So, despite more women than men receiving some form of bonus or incentive payment (70.6% of women compared to 59.9% of men), the average bonus for women was 70.3% lower than that for men, whilst the difference at the median was 7.5%. This has increased since last year, due to bonus payments for senior employees being made within the 12-month period covered by the report.



TAKING ACTION

Whilst the figures will take some time to improve, we have taken decisive action since our first Gender Pay Gap report was published last year. This has been focused on:

- Increasing our people's awareness of diversity and inclusion
- Improving our understanding of current experiences and barriers
- Providing more opportunities for all our people to develop and progress

INCREASING AWARENESS

Stella David, our interim Chief Executive Officer, communicates regularly with our people on the topic of diversity and inclusion, highlighting how it is central to building a high-performing culture and is an opportunity, not a task:



“Diversity and Inclusion has to be top of the agenda. Not only is it something that should be a benefit to an organisation, it should be a competitive advantage. Far too many people think of diversity and inclusion as a problem to solve, or a task that has quotas. I think it's a great opportunity.”

Belinda Deery, our Chief People Officer, is an ambassador for Retail Week's Be Inspired initiative, which seeks to improve the representation of women in the retail industry by proactively engaging female leaders. Our involvement keeps Clarks at the forefront of the discussion about women in retail, and also gives our people access to events, resources and networking opportunities to support progression.

Our online Learning Store gives all our employees access to a variety of training resources on diversity, inclusion and unconscious bias and these topics are among the most used on the site.

IMPROVING OUR UNDERSTANDING

We commissioned a specific piece of research in conjunction with Green Park's Diversity and Inclusion Practice, in order to understand our current position and make recommendations for improvement. This looked at our policies and practices and gathered people's views and experiences.

We also collected more information as a part of our Global People Survey and will be analysing any differences in the experiences of people with protected characteristics.

We have recently had the results from both of these pieces of research and are now working on the actions that we can take to improve diversity and inclusion at Clarks.

PROVIDING MORE OPPORTUNITIES

In the past year, we have updated our flexible working policy to improve access to different working patterns, encouraging managers to find solutions that work both for their people and for the business.

We also have coaching and mentoring in place to better enable our people to reach their potential – 73% of our coachees are female.

A women's network is being piloted at our America's head office, and we are gathering the learning from this initiative and planning to use it to create similar networks in the UK.

We also have female leaders taking part in the Be Inspired Senior Leadership Academy, which brings together high potential senior women in the retail sector for a programme of networking and events to help develop the pipeline of future female leaders.

NEXT STEPS

We remain committed to driving meaningful and sustainable change – creating understanding of the underlying issues, unlocking progression and development for all colleagues who desire it, and ensuring we access the best talent possible for our workforce.

Over the next year, we will focus on:

Providing more coaching and mentoring

Carrying out the action plan that results from our recent diversity and inclusion research

Continuing to ensure that, wherever possible, shortlists for senior roles have a balance of genders

Utilising role models from inside and outside the business to inspire and support female talent

Engaging in the wider conversation about equality in retail, through our involvement in initiatives such as *Be Inspired* and the British Retail Consortium's *Sustainable Development Goals*

Requiring all our (recruiting/senior) managers to undertake unconscious bias training

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



Stella David
Interim Chief Executive Officer



Belinda Deery
Chief People Officer

MORE INFORMATION

For more information on the gender pay gap and how it's calculated:

www.acas.org.uk/genderpay

For more information on our corporate social responsibility:

www.clarks.com/corporate-responsibility

OUR PARTNERS

Retail Week's 'Be Inspired' initiative:

<https://beinspired.retail-week.com>

BRC

<https://brc.org.uk>

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