Last year, the first gender pay gap reports were published, generating much discussion around the size of any gaps and the reasons for this. This year, it is interesting to see if there has been much movement and how related actions over the twelve-month intervening period have played out.

For Pret, we continue to be pleased with our results as we have a good representation of males and females across all four quartiles of our business. Our mean pay gap has reduced, with our median pay gap being below 1%. In terms of bonus pay gaps, both the mean and median pay gaps have reduced and 97% of both our male and female employees received a bonus. These results are extremely positive when compared with the UK average of a 17.9% 2018 median pay gap*.

In our previous report we explained that we would trial a new set of flexible working options to provide clear, barrier-free pathways to progression for all our employees. Whilst the true benefits of this will take some time to be realised, we are pleased with the take-up and positivity we have experienced so far within the business in relation to these new ways of working.

*ASHE Report 2018
What is the Gender Pay Gap?

All UK organisations with over 250 employees are required to publish details of their gender pay and bonus gaps. The aim behind this initiative is to help reduce the ongoing pay gap between women and men in the workplace.

Gender pay looks at the entire employee population. In Pret’s case this equates to 8,609 employees (as at 5 April 2018) from our newest Team Member to our most senior executives.

Is the Gender Pay Gap the same as Equal Pay?

No, the Gender Pay Gap and Equal Pay are different.

Equal Pay looks at ensuring that women and men are paid equally for the same or similar work.

The Gender Pay Gap measures the difference between the average pay of women and men across the entire organisation, expressed as a percentage. It therefore reflects any imbalance between the proportion of women and men employed by the organisation.

Which calculations are required

In accordance with the requirements Pret has published the six calculations showing our:

1. average gender pay gap as a mean average
2. average gender pay gap as a median average
3. average bonus gender pay gap as a mean average
4. average bonus gender pay gap as a median average
5. proportion of males receiving a bonus payment and proportion of females receiving a bonus payment
6. proportion of males and females when divided into four groups ordered from lowest to highest pay.

Mean and Median explained

The mean pay and bonus gaps are based on a calculated average for female and male employees. To calculate this you add up the hourly pay rate (or total annual bonus) for all female employees and divide this by the total number of female employees there are in the organisation. You would then do the same for male employees. The difference between these two results is the mean pay and bonus gap.

The median is the middle pay (or bonus) point for men and women. It is important to understand that the middle pay point for women may be at a different pay point than for men, so the median does not necessarily compare the same roles. The pay and bonus data is ranked in order from highest to lowest. The median pay (or bonus) would be that received by the woman or man in the middle.
Pret’s Gender Pay Statistics

Of the 8,609 employees employed as at 5 April 2018, 5,184 were female and 3,425 were male.

Pay (Hourly Rate)

<table>
<thead>
<tr>
<th>Year</th>
<th>Mean Pay Gap</th>
<th>Median Pay Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>4.8%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>2018</td>
<td>4.3%</td>
<td>0.75%</td>
</tr>
</tbody>
</table>

Bonus Pay Gap

<table>
<thead>
<tr>
<th>Year</th>
<th>Mean Bonus Pay Gap</th>
<th>Median Bonus Pay Gap</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>22.9%</td>
<td>14.7%</td>
</tr>
<tr>
<td>2018</td>
<td>16.53%</td>
<td>13.75%</td>
</tr>
</tbody>
</table>

Proportion of Women and Men by Pay Quartile

Across our retail business the mean pay gap is negligible, ranging from -0.9% to 1.7%. This is largely due to fact that we have structured pay bands in place at every level.

Our small overall mean pay gap continues to be influenced by there being more men in senior positions than women in our Support Centre. This continues to be the case due to turnover in these roles being low. The mean pay gap below these senior roles ranges from -7.5% to 4%, which illustrates this position.

Whilst our median pay gap has marginally increased this year, the increase is slight and demonstrates that we are continuing to maintain our position on gender equality in pay.

Understanding the Gender Pay Gap

One year on, our gender pay gap remains largely the same. Our 2018 statistics show a marginal decrease in the mean hourly pay rate from 4.8% to 4.3% and a marginal increase in the median hourly pay from -0.2% to 0.75%.

Across our retail business the mean pay gap is negligible, ranging from -0.9% to 1.7%. This is largely due to fact that we have structured pay bands in place at every level.

Our small overall mean pay gap continues to be influenced by there being more men in senior positions than women in our Support Centre. This continues to be the case due to turnover in these roles being low. The mean pay gap below these senior roles ranges from -7.5% to 4%, which illustrates this position.

Whilst our median pay gap has marginally increased this year, the increase is slight and demonstrates that we are continuing to maintain our position on gender equality in pay.
Understanding the Gender Bonus Gap

2018 saw a decrease in both the mean and median bonus gap. The mean bonus gap decreased from 22.9% to 16.53% and the median bonus gap decreased from 14.7% to 13.75%. The main contributing factor for there being a gap continues to be part-time workers, who are overwhelmingly female. Being a retail business, we are able to provide a number of flexible working patterns which allow our employees to work around needs such as childcare or studying. Our part-time employees receive a bonus which is directly linked to the numbers of hours that they work. As the take up of part-time working is greater for women, the bonus that they statistically receive is lower meaning that we have a bonus pay gap. We are confident that much of this difference relates to choice of working pattern.

Another contributing factor to the bonus gap are the bonuses paid to senior employees, of which there are more men than women.

Our Plans

We will continue to monitor our recruitment and development practices to ensure that there are equal opportunities for all. In addition, due to the positive response received so far in connection with our flexible working trials we have plans to extend these further into more areas of our business and in new ways.

We believe that these initiatives will ensure we continue to live our value of ‘Doing the Right Thing’ and investing in the happiness of our teams.