



**GENDER PAY GAP
REPORT
—
2017**

OPENING STATEMENT

by Mr Pieraldo Oldano

At Thorntons Limited, we believe that a diverse and inclusive culture is essential for a business to grow and succeed. It is a necessary foundation for attracting and retaining talented individuals and engaging with those who buy our products.

We welcome the Government's initiative for UK companies with over 250 employees to report on their gender pay gap. This report documents Thorntons Limited's gender pay gap information and considers the main causes of the pay gap, and sets out our plans for closing it.

Acknowledging that Thorntons Limited forms a part of a bigger story for Ferrero in the UK we are working on a regional roadmap for 2018 and beyond that will focus on the wider business, however, as this report is driven by our statutory obligations and relates to the 2017 position, the focus in this report is on Thorntons Limited.

Our gender pay gap is largely influenced by the demographics in our highest pay quartile as we have a higher representation of males in senior grades.

Whilst there is not a short term solution to improving our pay gap, we are committed to ensuring that all individuals, regardless of gender, race, ethnicity or background, have an equal opportunity to thrive and reach their full potential.

We are passionate about ensuring equal opportunities for female and male staff at all levels of our organisation. We will continue to take meaningful action and initiatives which specifically identify and address the reasons behind the gap.



Pieraldo Oldano,
Managing Director
Thorntons LTD

THORNTONS LTD FIGURES FOR 2017:

MEAN

The mean pay gap is the difference between the hourly pay of all male and female employees when added up separately and divided by the total number of the males and females in the workforce.

MEDIAN

The median pay gap is the difference between the pay of the middle male and middle female, when all of the employees are listed from the highest to the lowest paid.

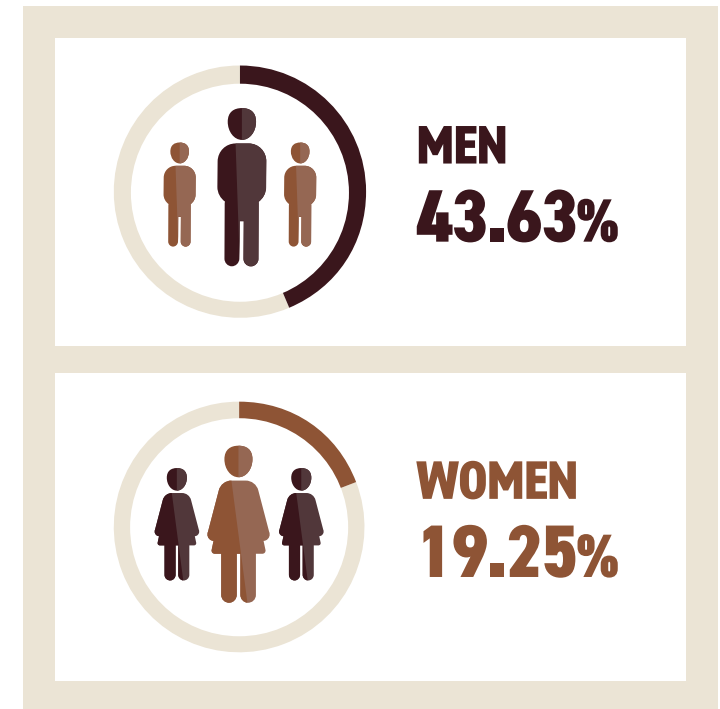
PAY & BONUS GAPS

	GENDER PAY GAP (%)	GENDER BONUS GAP (%)
MEAN	22.05%	22.57%
MEDIAN	21.88%	5.40%

QUARTILES


	MALE	FEMALE
UPPER	54.38%	45.62%
UPPER MIDDLE	37.08%	62.92%
LOWER MIDDLE	20.15%	79.85%
LOWER	20.12%	79.88%


PERCENTAGE OF MEN AND WOMEN RECEIVING BONUSES



UNDERSTANDING THE GENDER PAY GAP

THE GENDER PAY GAP IS THE DIFFERENCE IN PAY BETWEEN MEN AND WOMEN ACROSS AN ENTIRE ORGANISATION AS CALCULATED ACCORDING TO THE GOVERNMENT'S PRESCRIBED METHODOLOGY.

 **The mean gender pay gap is the difference in the average hourly rate of pay for men and women across the business.**

 **The median gender pay gap looks at the difference in hourly pay for the middle male and middle female employee in an organisation when ranking a company's male and female populations from lowest to highest hourly pay.**

As part of the gender pay reporting process, we are required to split our workforce into four equal groups to show the proportion of men and women in each quartile. We did this by listing employees from the lowest hourly paid to the highest hourly paid, and then dividing the list of employees into four equal parts.

The gender pay gap reporting process requires a large number of variables to be distilled into a few statistical figures, making direct comparisons with other organisations difficult.

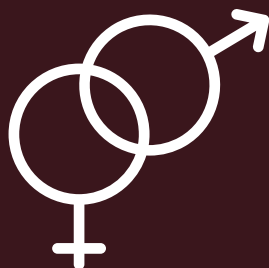
It is also particularly important to appreciate that the gender pay gap is not the same thing as equal pay. Equal pay means paying a man and woman the same pay for performing the same or broadly similar work. By contrast, the gender pay gap requires the pay of the average man within the whole organisation to be compared with the pay of the average woman. We are confident that our gender pay gap is not a reflection of an equal pay issue; instead it is driven by the structure of our workforce and the fact that we have more men than women in senior, and therefore more highly paid roles, when viewing the workforce as a whole. This demographic challenge is well known and shared by many other companies both in the retail and manufacturing sectors and beyond.

KEY FACTORS WHICH IMPACT THORNTONS LTD GAPS

From our analysis of our gender pay gap results, we have identified the following trends:

- ✂ **Women form 67% of our total workforce.** They occupy 45% of the roles in the upper pay quartile, but hold a significantly higher proportion of roles than men in the lower pay quartiles. As a consequence, average male earnings are higher than average female earnings because of the combination of these two factors.
- ✂ **We celebrate the fact that many of our employees choose to remain with and invest in the organisation for many years.** We recognise low turnover in senior positions means there is limited opportunity in the short to medium term to address the gender imbalance at the more senior levels although this is something we are nonetheless committed to tackling.
- ✂ **Our pay gap is significantly lower in certain parts of our organisation in which most of our staff are employed.** The majority of our employees (2500 out of 2786) work in manufacturing and retail. Our combined mean gender pay gap across these two areas is 10.45%.
- ✂ **We have a positive gender pay gap in retail.** The majority of women in our organisation (1322 out of 1860 female employees) work in retail. **In this area of the business the average female earnings are higher than the average male earnings** (with a mean gender pay gap of -0.74% and median gender pay gap of 9.14%).
- ✂ Our bonus pay gap (mean gap of 22.57% and median gap of 5.40%) is reflective of the **higher proportion of male employees in senior positions** and that fact that bonus payments will often bear some correlation to an individual's rate of pay.





WE BELIEVE THAT EVERYONE WITHIN OUR ORGANISATION SHOULD BE GIVEN THE SAME OPPORTUNITIES TO DEVELOP AND PROGRESS, REGARDLESS OF THEIR GENDER.

LOOKING TO THE FUTURE, A KEY PRINCIPLE OF HOW WE WANT TO DEVELOP THIS IS TO ENHANCE OUR LEADERSHIP EXCELLENCE PROGRAMME TO INCLUDE INITIATIVES TO TACKLE THE GENDER PAY GAP.

Some of the initiatives that we are developing are:



WOMEN IN LEADERSHIP PROGRAMME

Research in to a programme to inspire and encourage Women in Leadership.



BEHAVIOURAL CHANGE & ACTIVE VIGILANCE PROGRAMMES

Establishing objective and practical programmes of Behavioural Change and Active Vigilance in our businesses to monitor our search, selection and promotion processes.



TRACK KEY METRICS

Continuing to track key metrics and trends on pay parity and pay differences to ensure that the rationale for pay differences is consistent with our robust employment practices and not formed out of unfair bias or discrimination.



MENTORING PROGRAMMES

Targeted Mentoring programmes for employees to ensure talent retention, talent development and empowerment.



UNCONSCIOUS BIAS TRAINING

Delivering corporate wide Unconscious Bias Training for management to ensure that recruitment, selection and promotions are based on factors unrelated to gender.



MORE OPPORTUNITY

More opportunity to develop through a larger business in the UK & internationally.

CLOSING THE GAP

As part of the Ferrero Group, we hold fast to the Group's core values including, amongst other things, respect and responsibility. We are committed to avoiding any form of discrimination in our employment practices and are committed to addressing the gender pay gap over the long term.

I confirm that the information contained in this report is accurate.

Pieraldo Oldano