

JOHN LEWIS
& PARTNERS

JOHN LEWIS
PARTNERSHIP

WAITROSE
& PARTNERS



GENDER PAY GAP REPORT 2018

MESSAGE FROM TRACEY KILLEN, PARTNER & DIRECTOR OF PERSONNEL

Ensuring that the John Lewis Partnership is diverse and inclusive is at the heart of our ultimate purpose - the happiness of all our members through worthwhile and satisfying employment in a successful business. We want to be bold in nurturing and unleashing the diverse talent and expertise of all the Partners across our business. This is critical to our success as a force in British retailing and it is vital that every Partner has the opportunity to fulfill their potential.

Our second gender pay gap report shows that our pay gap remains largely unchanged, so we have more work to do. As we said in last year's report, we shouldn't expect the reported figures to change quickly, but minor movements are not unexpected. The changes this year are not substantial enough to draw meaningful conclusions about the impact of our interventions just yet.

Fundamentally, however, we're not happy with a gap as it means we're not fully unlocking the potential of our most important asset - our people. Our long-term goal is to significantly reduce and eventually minimise our gender pay gap and achieve gender parity across all job levels.

We recognise it will take time and we don't want to lose sight of the beneficial role we play in providing a route into employment. At the moment, women are over represented in front line roles in shops because of the appeal of flexible, local work, which is often favoured by women. So some level of pay gap will likely perpetuate even if gender balance is achieved at more senior levels.

In our first gender pay gap report we said we would focus on having conversations with our Partners to help understand the barriers to progression and explore solutions. Over the last year we have addressed some of the concerns identified, such as the need for flexibility in managerial and more senior jobs, the need for coaching and mentoring and the opportunity for inspiration and support through our internal networks.

There is no silver bullet to address the complex challenges behind the gender pay gap, and as it's largely driven by wider societal norms, we can't tackle it alone. So going forward, in addition to enhancing existing initiatives, we will also look for inspiration and expertise in other sectors as well as academia, and work with the latest research to design and trial new interventions.

As co-owners we all need to be involved in addressing this issue and every one of us should be restless in finding new creative ways to champion gender equality at work.



TRACEY KILLEN

Partner & Director of Personnel
John Lewis Partnership



UNDERSTANDING THE GENDER PAY GAP

WHAT IS THE GENDER PAY GAP?

A gender pay gap is a measure of the difference in the average pay of men and women across an entire organisation, regardless of the nature or level of their work. It highlights the different number of men and women across all roles.

It is different from an equal pay comparison, which involves a direct comparison of two people or groups of people carrying out the same work or work of equal value.

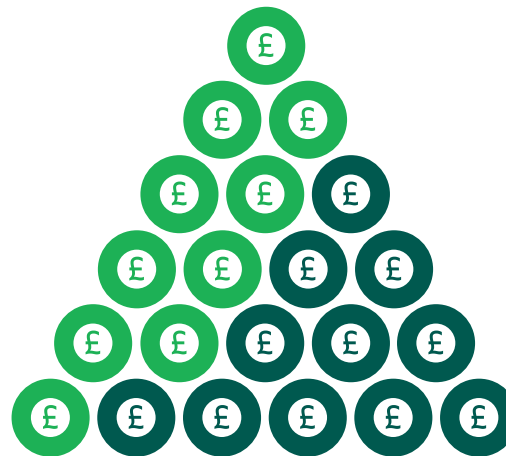
WHAT IS THE DIFFERENCE BETWEEN THE MEDIAN AND THE MEAN FIGURES?

As with last year, our calculations are based on pay data for more than 80,000 Partners in the Partnership in April 2018, as required by the mandatory gender pay gap reporting regulations. This data includes many different roles and levels within the Partnership that bring a variety of rates of pay.

Median pay gap: Imagine a picture where all our female Partners stood next to each other in one line in order of lowest hourly pay to highest and imagine the same picture where all our male Partners did the same. The median gender pay gap is the difference in pay between the female Partner in the middle of their line and the male Partner in the middle of their line.

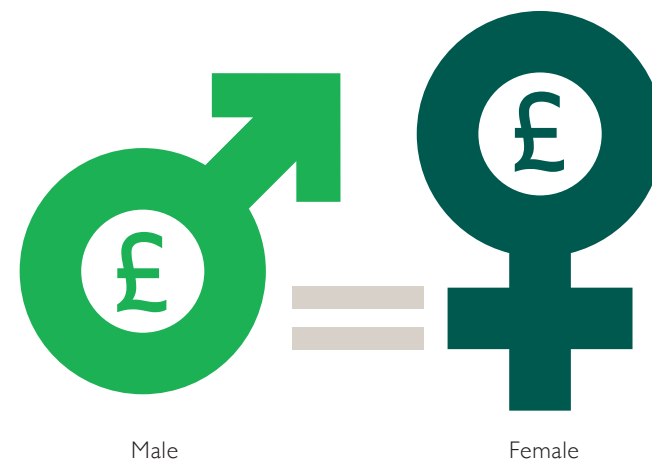
Mean pay gap: The other measure is the mean gender pay gap, which shows the difference in average hourly rate of pay between men and women. This is also affected by the different numbers of men and women in different roles.

THE GENDER PAY GAP



One of the main reasons for the gender pay gap in our society is that men are more likely to be in senior roles.

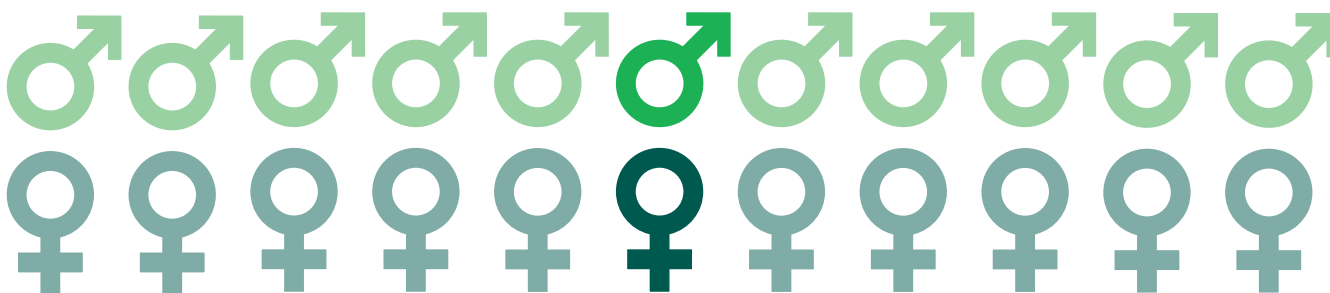
EQUAL PAY COMPARISON



Lowest paid

Median

Highest paid



OUR RESULTS 2018

DID YOU KNOW...

- There are more women than men in our lower paid roles, but fewer in higher paid ones - this is the chief reason for our gender pay gap.
- Making a like-for-like gender comparison across our supermarket assistants and selling assistants - almost 52,000 of our Partners - our median gender pay gap is 1%.
- If each gender was represented equally by job level our mean gap would be more than halved, showing our biggest opportunity is through encouraging and promoting female talent.

PAY - HOURLY RATE

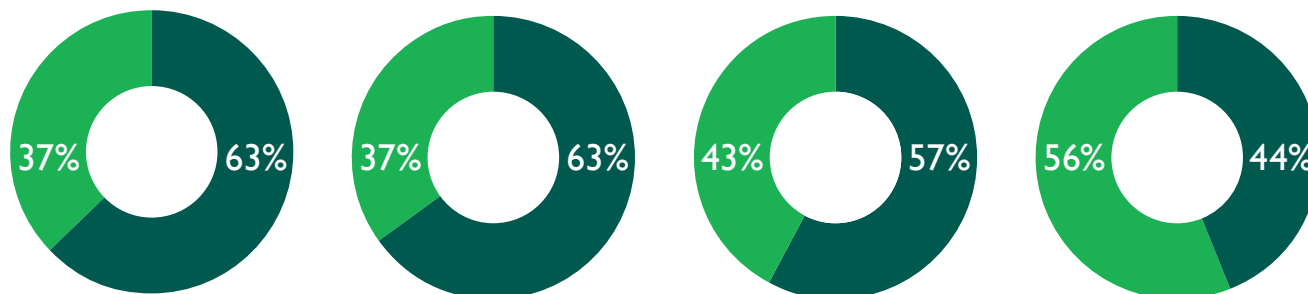
Difference between men and women

	PARTNERSHIP 2018	PARTNERSHIP 2017	RETAIL*	UK*
MEDIAN	8.2%	7.8%	9.1%	17.9%
MEAN	12.7%	13.9%	17.6%	17.1%

* Based on estimates from ASHE Survey 2018

PAY QUARTILES

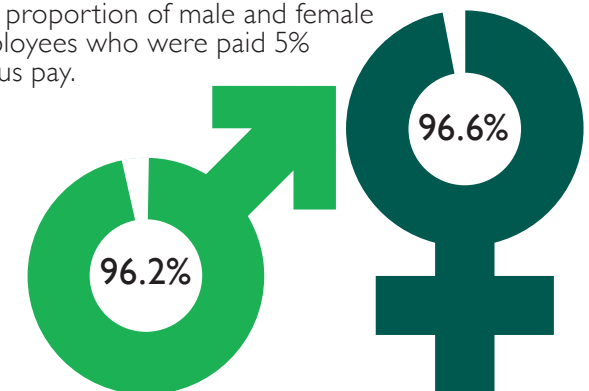
The proportion of male and female employees according to quartile pay bands.



● Male ● Female

THE PARTNERSHIP'S BONUS PAY

The proportion of male and female employees who were paid 5% bonus pay.



Bonus pay difference between men and women

MEAN	29.1%	MEDIAN	39.0%
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WHAT IS DRIVING OUR PAY GAP?

One year on, our gender pay gap remains largely unchanged, with statistically minor movements in the figures. Fundamentally, the drivers of our gender pay gap remain the same as last year:

1. REPRESENTATION OF WOMEN IN SENIOR ROLES

The biggest factor behind our gender pay gap is the balance of men and women across job levels.

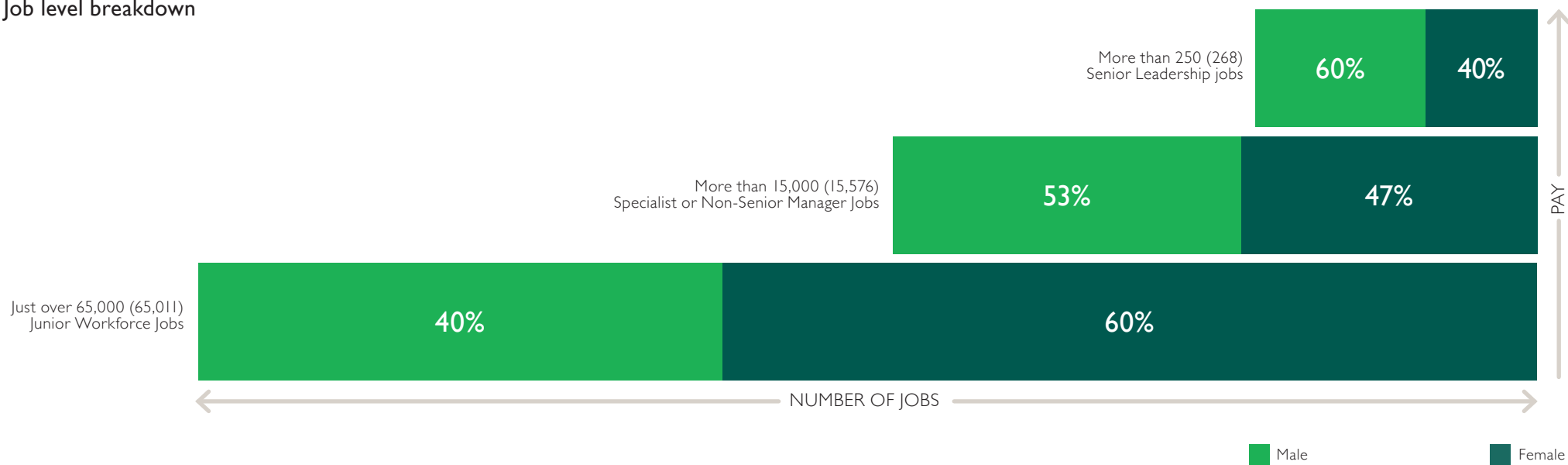
For example, if we break our job levels down into three distinct segments, we can see that:

- 40% of those in our highest paid senior leadership roles are women (unchanged from last year)
- 47% of our specialist or non-senior management Partners are women (up from 46% last year)
- 60% of our most junior workforce in our lowest paid jobs are women (down from 61% last year).

As with most large companies, there are significantly fewer senior roles and the turnover at this level is much lower than at more junior levels. This means

vacancies for such roles do not arise as frequently and therefore, it takes time to impact the figures. That said, it is encouraging to see a slightly improved proportion of women in our specialist and non-senior management roles, compared to last year.

Job level breakdown



WHAT IS DRIVING OUR PAY GAP? CONTINUED

2. DIFFERENCES IN GENDER REPRESENTATION IN DIFFERENT JOB FUNCTIONS

Occupational segregation, in which men and women tend to be concentrated in particular types of jobs, has been observed as one of the contributing factors to the UK's overall gender pay gap. Similarly, we see a difference in the distribution of women and men across different jobs and functions within the Partnership.

Our pay ranges are all informed by the market and therefore differ by function as well as job level, meaning that the gender split between functions also has an effect. For example, our Personnel function is made up of 78% women, compared to IT, typically a higher paid profession, in which only 29% of Partners are female.

3. PREMIUM PAY FOR ANTI-SOCIAL WORK

As well as basic pay, the gender pay gap calculations cover a number of other pay elements. One example is the premium that is often paid for night work. Whilst we take great pride in offering a variety of working patterns to people irrespective of gender, the majority of our night shift work is taken up by men and this impacts the overall pay gap.

WHY IS THERE A MEDIAN AND MEAN DIFFERENCE IN BONUS PAYMENTS?

Bonus pay includes any additional pay relating to profit sharing, productivity or performance, when in the form of money or vouchers. In our case, the vast majority of bonus pay is in the form of the annual Partnership Bonus. Last year all our Partners received a Partnership Bonus of 5% of their earnings regardless of level or role.

The methodology stated in the gender pay gap regulations requires us to report on the difference in the actual amount of bonus received by our Partners and is therefore heavily influenced by the number of hours worked. As our male Partners worked more hours on average per week than our female Partners, this created a bonus gap.



OUR COMMITMENTS

OUR LONG-TERM GOAL IS TO SIGNIFICANTLY REDUCE OUR GENDER PAY GAP

We are not happy with having a gender pay gap and aim to minimise it. As the biggest factor behind our gender pay gap is the balance of men and women across job levels, we are committed to significantly improving opportunities for all our Partners to progress and aim to achieve gender balance across all levels.

For our entry level roles, it's important we don't lose sight of the role we play in providing a route into employment through flexible, local work which is often taken up by women, so we are also focusing on encouraging both men and women to make the most of flexible working opportunities.

In our first gender pay gap report we committed to fostering honest conversations with our Partners to help us understand the barriers to progression and find solutions. Over the last year, we have started having these conversations and addressing some of the concerns identified, across a number of key areas:

FLEXIBLE WORKING

- Many of the barriers to making flexible working more commonplace are cultural, so we've been focusing on supporting line managers to embrace flexible working options for all job levels, regardless of gender.
- We partnered with Timewise, a leading social enterprise promoting flexible working, to look at how we can build flexibility into our operational management roles, such as section managers, and explored this in John Lewis & Partners in Peterborough.
- We've updated our guidance for line managers and are now planning to build flexibility as a fundamental consideration into how we design future leadership roles in our John Lewis & Partners shops.
- Following feedback from our Gender Equality Network (GEN), we have also started to introduce new wording on our job vacancies to underline our commitment to flexible working, so that we can ensure we're getting the broadest and best range of talent.

BUILDING INTERNAL NETWORKS

- We've been working closely with our networks including our GEN, to gather feedback and insight from members.
- Through the new GEN committee we've been focusing on understanding issues around flexible working and shared parental leave and will be reviewing our returnship proposition and parenthood policies.



“ My team and I feel privileged to have been asked to be involved in exploring ways that we can support the flexibility agenda, which are being embedded into future thinking. It is encouraging that as an organisation we fully recognise the need to embrace flexible and part time working to ensure that we retain and recruit the best talent in our business - both now and into the future.”

KATE BROADHURST

Partner & Head of Branch, John Lewis & Partners

OUR COMMITMENTS CONTINUED

PROVIDING SUPPORT AND COACHING

- We have strengthened access to coaches and mentors across the Partnership to help all Partners progress and our internal coaching programme has been accredited by the Association for Coaching.
- We also have a Mentoring Bank and an Interview Bank to help Partners explore their career aspirations, practice interviews and develop their career network.

TALENT DEVELOPMENT

- We have launched new talent development programmes and apprenticeships which, through targeting under-represented groups, can help accelerate their progression. We are already seeing early signs of progress - for example, women made up 60% of the 2017 apprenticeship cohorts.
- We also have a number of Talent & Progression (TAP) communities which aim to explore progression opportunities for Partners and teams in their area of the business.
- TAP communities are starting to be rolled out across our business and they play an important role in facilitating the progression of Partners, with a particular focus on representation and diversity and inclusion.

SUPPORTING WORKING PARENTS

- We have been working with our Working Parents Network to understand how we can better support Partners with caring responsibilities.

- We launched a Working Parents Buddies initiative and currently have nearly 50 buddies available to support working parents across the Partnership.
- We have also been exploring how we, as an employer can support parents to share parental leave and caring responsibilities, and have published our parental leave and pay policies to make them easily accessible for all prospective employees.
- Following a workshop with members of our Working Parents Network, we have identified some simple things we can do to help our Partners navigate these decisions, including developing a financial impact calculating tool for women going on maternity leave.

Our programme of activity will remain focused around unlocking better progression and greater inclusion for all Partners, and we will continue and enhance our work across all of these areas.

But we recognise the need to dig deeper to work out what will really drive change. There is no escaping the fact that these issues are largely driven by wider norms in society, and therefore we cannot tackle this alone.

So in addition to continuing conversations with our Partners, we will look for inspiration and expertise in other sectors, as well as academia, and work with the Behavioural Insights Team to design and trial new interventions based on the latest research, to help us achieve our long-term goal of significantly reducing our gender pay gap.



“What I am most proud of is the community spirit that is being built up through the Networks. Partners are really keen to help and support other Partners, I see this particularly from our Working Parent Buddies, as they have all self-volunteered and want to help other Partners who may need a little extra support, guidance or a friendly face to navigate the parenting journey.”

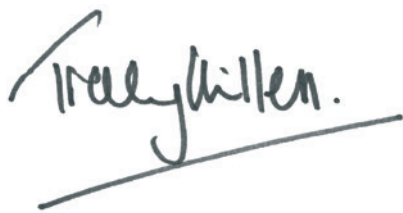
REBECCA CANDY

Partner & Change Manager, John Lewis & Partners,
Chair of the Working Parents Network

DIRECTOR STATEMENT AND USEFUL RESOURCES

This report covers employees of John Lewis PLC, the main employing entity of the John Lewis Partnership, which incorporates the John Lewis & Partners and Waitrose & Partners operating divisions, plus the Group function. The report covers employees at all levels, including the executive team.

As Partner & Director of Personnel for the John Lewis Partnership, I, Tracey Killen, can confirm that the information contained herein is accurate.



TRACEY KILLEN

Partner & Director of Personnel
John Lewis Partnership

USEFUL RESOURCES

ACAS guidance on Gender Pay Gap Reporting provides a full description of the reporting requirements, the distinction between Gender Pay Reporting and equal pay and links to useful communication materials:

www.acas.org.uk/genderpay

For more information on our CSR activities

John Lewis Partnership's corporate social responsibility activities are detailed on our website:

www.johnlewispartnership.co.uk/csr

Further details on the regulations, and details of other organisation's gender pay gaps can be found here:

<https://gender-pay-gap.service.gov.uk/>

Information on Timewise:

<https://timewise.co.uk>

To join the debate

The Women's Business Council provides some helpful resources to help improve gender diversity:

www.womensbusinesscouncil.co.uk/toolkits

The UK's leading charity campaigning for gender equality and women's rights:

<https://www.fawcettsociety.org.uk/>

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