

Diesel (London) Ltd

2018 Gender Pay Gap Report

Diesel (London) Ltd is a subsidiary of Diesel S.p.A. and operates within the Apparel Retail and Wholesale Sector.

The Gender Pay Gap reporting is a legal requirement under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 to show the difference between the average earnings of men and women in our organisation. This is not to be confused with the Equal Pay Act which is unlawfully paying women differently to men for the same work.

Our Gender Pay Gap report is based on employee data as of 5th April 2018. For the purposes of this report on this date Diesel (London) Ltd employed 384 workers. 337 were classed as “Full-pay relevant employees” and were used in the reporting of our hourly pay gap statistics and 383 employees were categorised as “relevant employees” and used in the reporting of our bonus pay gap statistics.

Our Pay and Bonus Gender Gap 2018 results

We did it! In 2018 we closed our gender pay gap.

| | 2017 | | 2018 | |
|--------------|----------------|-----------------|---------------|----------------|
| | Mean | Median | Mean | Median |
| Pay | 6.2% (£0.68) | -2% (-£0.17) | 0.1% (£0.01) | 0% (£0.00) |
| Bonus | 10.4% (£95.30) | 31.1% (£137.00) | -4% (-£24.22) | 21.3% (£71.50) |

Monetary amounts in brackets throughout this report is the amount being paid more to Males than Females based on data provided. Negative amounts indicate the amount females are paid more than males.

Proportion of Male & Female employees receiving a bonus:

| | | | |
|---|---|--|--|
| Male 2017 67% 2018 71.4% |  |  | Female 2017 63.8% 2018 60.60% |
|---|---|--|--|

Pay Quartiles

| | 2017 | | 2018 | |
|--------|------------|------------|------------|------------|
| | Men | Women | Men | Women |
| Band A | 49% (48) | 51% (50) | 48.8% (41) | 51.2% (43) |
| Band B | 55.6% (55) | 44.4% (44) | 50% (42) | 50% (42) |
| Band C | 47.5% (47) | 52.5% (52) | 48.8% (41) | 51.2% (43) |
| Band D | 51% (51) | 49% (49) | 49.4% (42) | 50.6% (43) |

Amounts shown in brackets are the number of employees for each banding with A being the lowest paid quartile and D being the highest paid. Once again, we have an almost equal distribution of Male and Female employees within the business across all bands.

What do our results mean?

For the 2nd year in a row, Diesel (London) Ltd results are significantly lower than organisations in the same industry with similar financial turnover and headcount.

We have also decreased our mean pay gap by 6.1%. We are delighted to shout about this achievement and take great pride in being a diverse and inclusive employer who always strives to ensure that our salaries are fair regardless of gender and we have continued to keep an equal balance of our Male/Female ratio within the Pay Quartiles which has contributed to our gender pay gap remaining low.

By comparison, the below National Statistics (ASHE 2016 & 2017) benchmark figures within the Wholesale and Retail Sector highlights how impressive our results are within the industry:

| | (ASHE 2016) 2017 | | (ASHE 2017) 2018 | |
|--------------|-------------------------|-----------------|-------------------------|-----------------|
| | Mean | Median | Mean | Median |
| Pay | 19.9% (£2.76) | 18.7% (£1.91) | 18.9% (£2.70) | 17.9% (£1.89) |
| Bonus | 71.4% (£1,919.00) | 70.2% (£852.00) | 66% (£1,653.00) | 63.6% (£787.00) |

Pay

How did we achieve a 0% median pay gap?

Our workforce is split between Head Office (15%) and Retail (85%).

60% of our retail employees are either Sales Advisors or Retail Sales Executives who are paid a fixed hourly rate, depending on position and location in the UK. All other employee's salary is based on position, experience and length of service.

As our Management Teams across both Head Office and Retail are almost equally split between male and Female, our Gender Pay Gap has levelled out and increased by 2% meaning that our hourly median pay rate is £8.62 for both male and female employees with a difference of only 1p between our mean gender pay gap for male and female.

Our management team's ratios are broken down in more detail below:

- Head Office Management Team = 18 employees
 - Males = 56%
 - Females = 44%

Within this 67% of our Senior management is female
- Retail Management Team = 75 employees
 - Males = 51%
 - Females = 49%

Other factors which have also contributed to our improved results in 2018 include:

- Significant Promotions in 2017 within Head Office for Female talent into Management and Senior Management positions.
- Salary budgets reviewed to guarantee salaries are fair and competitive in a struggling retail environment.
- Annual salary increases awarded based on performance over the year, measured through our appraisal system.
- Levelling of Retail Management Salaries.

Bonus

Bonus pay gap statistics are for the 12 months period ending with the snapshot date 5th April 2018 and is based on data provided for 383 relevant employees.

All employees have the potential to earn a Monthly, Seasonal or Annual Bonus. Diesel (London) Ltd currently operates 3 bonus schemes which are dependent on role and seniority within the business. Parameters are based on Sales targets and Global Business objectives which are set by Senior Management for Head Office Wholesale Sales Executives, Head Office Management Teams and all Retail Staff. All other Head Office employees who are not part of a Sales/Objective bonus scheme are part of a discretionary Company Bonus scheme dependant on KPIs being achieved collectively by the business.

The Head Office bonus scheme is split into 2 monetary banding so that all Wholesale Sales Executives and Management Teams have the same bonus earning potential. All Wholesale Sales Executives are on band 1 and Management teams are on band 2. However, the maximum pay-out is dependent on employees achieving their set targets and objectives.

The Retail Management bonus scheme ensures all eligible Retail Managers have the same earning potential based on targets being achieved. Our Retail Management team at the time of the report was made up of 38 Males and 37 Females.

Monthly bonus payments for Retail Sales Advisors and Retail Sales Executives are influenced by their individual/store targets and based on a % of their earnings, as we have a high turn-over of part time sales staff this has an impact on our bonus pay figures.

Out of the 383 relevant employees, 244 Retail employees were paid bonus with an almost equal distribution of 120 males and 124 females.

Out of a total of 56 Head Office employees, only 8 Male Wholesale employees received bonus. The reason for this is that the male population in Head Office hold more Sales positions and therefore have greater opportunity to earn bonus than Females.

Despite the lack of Female Head Office bonus earners, we have closed the bonus gap across the whole business compared to last year. Our results show that Females earned £24.22 more than Males in bonus reducing our mean gender bonus gap by 14.4%. Our Median Gender bonus gap is higher than we would like, however, we are still encouraged by the impressive percentage of 71.4% of Male and 60.6% of Female within our business who earned bonus. Our results are still above benchmark figures for the Retail and Wholesale Industry which shows 44.6% of Males and 51.3 % of Females within a similar sized organisation earned bonus.

What Will Diesel continue to do?

We have improved on our 2017 results and reduced our mean/median gender pay gap to 0.1%/0% which is significantly lower than the benchmark figures available. The reality of the changing climate within the retail and wholesale industry and the struggles we are ourselves encountering with the high turnover within our retail stores is likely to impact our figures for 2019 but we will continue to do all we can to keep our gap as low as possible.

Due to Global centralisation and restructuring over the past few years our Head Office headcount has decreased significantly over the last 2 years, which will also have an impact on our gender pay gap in the future. However, with that in mind we are conscious that we must continue to support and

nurture our existing talent pool and where possible promote internally so that employees can grow into more senior positions regardless of gender but based on merit, as we have always done.

During the external recruitment process, in addition to our current practice of having a balanced and diverse set of candidates, it is our intention, where possible for any shortlists to be made up of Male and Females equally to avoid any bias.

In addition to remuneration packages, all employees benefit from in-house and external training to enable them to progress their careers. We also invest in eligible employees to participate in our apprentice schemes to further develop their skills and enable them to become a talent of the future.

We continue to offer workplace flexibility for all, and if the role is not suitable for part time, we will consider any requests to work remotely, or adjust the work day pattern to suit the needs of the individual and the business. This option is available to males as well as females and is not limited to employees who have taken time out for caring responsibilities or for Maternity/Paternity Leave. We encourage this to ensure employees feel able to return to work if they have been on leave but also for the wellbeing of our staff for a healthy work/life balance and to promote engagement.

All benchmark data provided by XpertHR – 25 July 2018

Glossary

Mean - is the average of a set of data

Median - is the middle value of a set of data