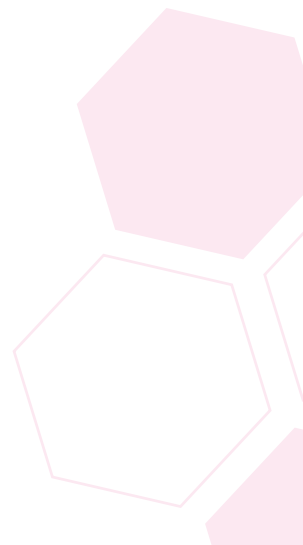




THE VERY GROUP



 **Gender pay report**
2020





By putting inclusion at the heart of everything we do, we're creating an environment where all of our colleagues feel a sense of belonging and can thrive by being themselves.

Our ambition is to continue strengthening our commitment to diversity and inclusion

2020 was a year like no other; dominated by a global pandemic, which led to a complete overhaul of our ways of working.

Particular emphasis was placed on the importance of inclusion, diversity and allyship following the tragic killing of George Floyd last year and the resurgence of the Black Lives Matter movement.

The events of 2020 gave us reason to revisit our strategy and action plan. We've given more focus to important parts of our colleague journey where we know that increased diversity can further enhance our inclusive culture – from the hiring and joining experience with us, to how we develop and grow all our talented colleagues, to the ways we communicate and elevate the voices of our people. We've been on a journey to better understand our people and carried out our first ever census to help build a clearer picture of our colleague population. We asked about a range of things, from demographic information, to caring responsibilities and whether colleagues consider themselves to have neurodiverse conditions.

Today we're proud to share our fourth gender pay gap report

Our figures this year reflect the unique year we've all been through, rather than providing the clear view of year-on-year progress that the past three reports have done. Our business has undergone significant change. We've moved large parts of our operations from the

North West to the East Midlands and this has materially altered the overall demographics of our business. And, like many retailers, we had to make some temporary pay cuts in April and May 2020 in anticipation of the impact of the Covid-19 pandemic, which impacted the pay demographics at our most senior levels. You'll find more details on page 3, but this is important context for those looking to compare 2020 with 2019.

2020 highlights

- A renewed plan of action based on key colleague touchpoints (learn more on page 4)
- Inclusion training for all set out how we expect colleagues to work together – with respect, kindness and fair treatment
- Our inaugural celebration of Black History Month focused on sharing information and action points while amplifying our Black colleagues' voices
- Celebrating Pride from home, with quizzes, virtual parades and hundreds of colleagues signing the Pride Pledge and becoming allies, with training supported by Stonewall
- New ways of working resulted in greater flexibility, new digital ways to connect and more authentic leadership and open conversations

We hope you enjoy reading about our continuing inclusion journey.

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

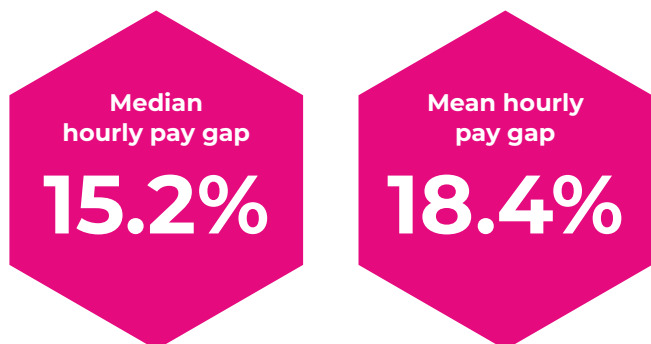
Debs Chapman
Director of reward, inclusion and colleague experience

Phil Hackney
Group operations director



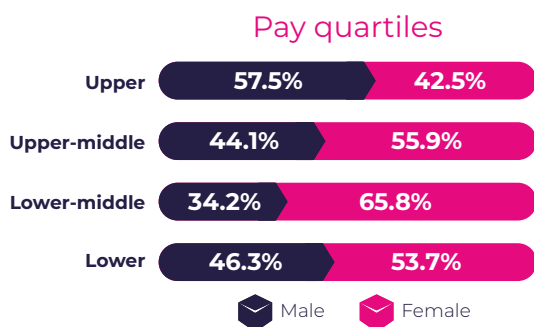
Our gender pay gap: The numbers – hourly pay

The figures below show the difference in hourly pay¹ between men and women, expressed as a percentage of men's pay. For example, we see below that the median hourly pay for women at The Very Group is 15.2% lower than for men.

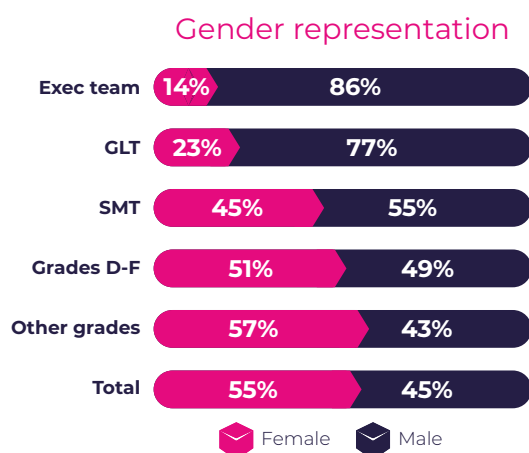


¹Hourly pay means the gross hourly pay received in April 2020

Gender representation in each pay quartile is shown below:



The chart below displays gender representation across our company at different levels:



Exec team	The Very Group executive board
GLT	Group leadership team (direct reports of the executive team)
SMT	Senior management team (typically direct reports of group leadership team)
Grades D-F	A wide range of colleagues in technical or management roles
Other grades	Colleagues in a wide variety of roles

Our business has been through significant periods of change over the past few years, and we're seeing the effect of this come through in our gender pay gaps due to the lag between snapshot date and reporting.

When we compare this reporting period to the prior year, various changes have taken place. This included the start of our North West distribution centre closures as we opened our new East Midlands fulfilment centre (Skygate), a TUPE transfer of over 350 colleagues, and changes in our technology function linked to IR35.

These changes have seen our gender split move by 3 percentage points overall (55% female compared to 58% in the prior year).

From a pay quartile perspective, this has resulted in a decrease of female representation in the upper, upper-middle and lower quartiles, and a shift in our median hourly pay gap, which at this reporting period was 15.2% compared to 9.0% last year.

Temporary pay reduction measures introduced because of the impact of Covid-19 have impacted our mean hourly pay gap.

In April, we implemented a 20% salary reduction for our executive team and leaders across the business. Senior managers in grades D to F had the same reduction in pay but also an equivalent reduction in their working week. We're pleased to have since repaid salaries following these temporary reductions but, as they were effective in the snapshot period, we've seen that compared to the prior year our mean hourly pay gap has reduced from 20.6% to 18.4%. We know this reduction is higher than it would have been had these measures not been in place.

Despite the shape of our organisation changing, paying our people fairly and competitively remains firmly at the heart of our reward strategy.

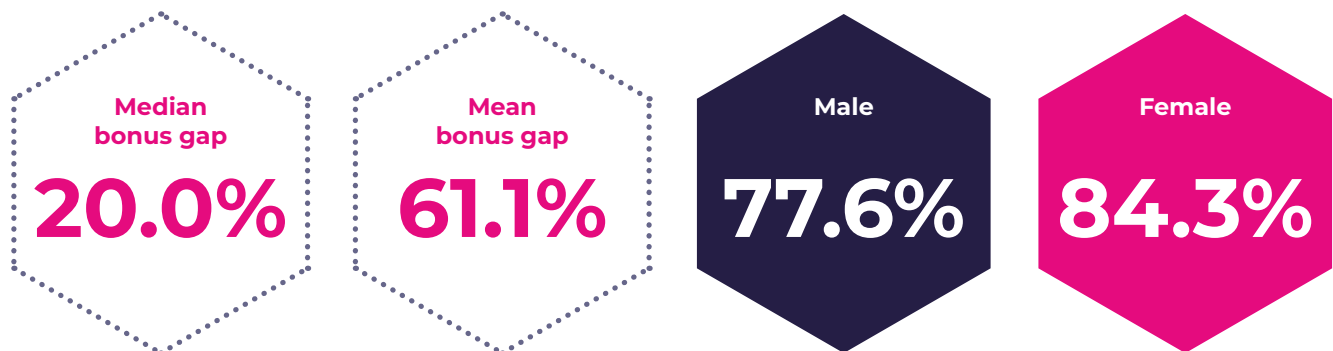
We continue to check that our gender pay gap is not an equal pay issue. Our pay and bonus gaps remain the direct result of two key areas:

1. We still have more males in higher paid roles and more females in lower paid roles.
2. Areas that we're recruiting into heavily, such as technology (which typically commands higher market rates), are still predominantly occupied by males. As a result, we see more males joining the business in these roles than females.



Our gender pay gap: The numbers – bonus

The figures below show the difference in bonus pay¹ between men and women, expressed as a percentage of men's pay. For example, we see below that the median bonus for women at The Very Group is 20.0% lower than for men.



¹Bonus pay is the gross bonus received during the 12 months prior to 5 April 2020

Rewarding our high-performing individuals and teams for the part they play through bonus is a key component of our package.

We know this is something our people value and a large proportion of our colleagues receive a bonus when we achieve our company targets.

Bonus figures at a glance:

- Those that don't receive a bonus are ineligible due to having joined later in the performance year, low personal performance, or have reward arrangements that don't include it.
- Most of our bonus arrangements are paid as a percentage of salary. Given we have a gender pay gap, paying bonus in this way exacerbates the bonus gap.
- Part-time working is something that our people value at The Very Group, but it has an impact on our bonus gap. Just over 20% of our colleagues work on a part-time basis and 80% of those are female. This impacts our gender bonus gap as the regulations have not been designed to take account of bonuses paid on a part-time salary basis.

Bonus decisions are passed through several lenses to ensure fairness in allocation.

When bonuses are awarded, decisions are reviewed to ensure fairness across gender full-time/part-time working, and to ensure those who've had periods of leave in-year are treated fairly too.

We've seen an increase in our bonus gap in this year's report when compared to the prior year.

We saw a significant reduction in last year's bonus gap given it was the first time that the snapshot period didn't contain payments from a previous three-year incentive scheme.

Our bonus gap calculations this year include both an annual bonus payment relating to the 2019 financial year, along with part of a senior leader bonus payment that was spread over three payments relating to the 2018 financial year (two were captured in the last reporting period, and one in this reporting period).

As a result of this, our mean bonus gap of 61.1% appears to have increased by just over 10 percentage points. However, this gap is of a similar level to what we saw in our 2017 and 2018 reports. This illustrates the challenge of comparing bonus gaps year-to-year, given that bonuses are linked to company performance and by their nature will vary year-to-year too. Had the part-bonus payment relating to the 2018 financial year not been captured in this year's reporting period, our mean pay gap would have been slightly lower than that in our 2019 report, with the factors explained on the left being the largest contributors to our bonus gaps.

The figures shown on pages 3 and 4 represent The Very Group as a whole. We are one company despite being made up of multiple legal entities. We choose to share a collective group view of our gender pay and bonus gaps to give the most accurate view of our organisation. Gender pay gap information for our two reportable entities can be found at the end of this report.



As 2020 was a year of such change and uncertainty, we took the opportunity to pull together a renewed plan of action with the end goal of remaining inclusive and driving a culture of belonging.

We want to continue to grow and strengthen our approach to inclusion, so we focused on each stage of the colleague experience and looked for ways we can make improvements.

From hiring through to development, to how we engage and communicate with our people, we've set targets and are working towards a common goal of driving a more inclusive workplace. We want everyone at Very to feel a sense of belonging and for them to thrive by being their authentic selves at work. For gender diversity to truly thrive at The Very Group, we're building an open and inclusive culture; one that celebrates the business benefits that diversity can bring, and where leaders are proactively progressing female talent to achieve an equal gender balance at all levels. We've taken a range of steps over the last 12 months to get there.

Inclusion for all

We want all colleagues to understand the part they play, so we're on a journey to teach everyone about the importance of respecting each other, having open conversations to learn more, and building a more diverse workplace. One of the ways we're doing this is through our 'three steps to inclusion' training, which is available to everyone at Very.

New ways of working

Our new hybrid office and remote working model – which will be fully implemented during our next financial year – will increase flexibility for all of our teammates. Combined with more digital ways to connect and collaborate, this will mean that many of our people will no longer need to spend as much time in our physical workplaces, providing greater flexibility around where they work. We know that this will benefit parents and carers who often need greater flexibility in balancing work and home life as they grow their careers with us.

Colleague-led networks

Our networks such as WAVE (Women at Very) and PAVE (Parents at Very) provide a great support system for members and mean there's always someone to have an open and honest chat with. Over the last year, big conversations have covered a range of topics, from building confidence and balancing work and family, to things that impact women at different stages of their careers, such as starting a family and menopause. WAVE also facilitates monthly 'watercooler chats' – organised coffee sessions with colleagues you don't already know so you can meet new people.

Gender-balanced hiring targets

Last year, we set ourselves a hiring target of no more than 75% bias towards a single gender on our shortlists. In the first half of the financial year (July to December),

we achieved this target on 68% of roles. A driver of this was the volume of technology roles we hired. Given that technology and data roles are typically held by men, even the most imaginative recruitment campaigns resulted in unbalanced shortlists. We are working very hard to ensure our shortlists are gender mixed to create a more even playing field and we should begin to shift the dial on seeing more diverse candidates progress to appointment and expect a number closer to 90% for the second half of the year (January to June). At our most senior levels we work with our search partners to ensure we're seeking out the best candidates, regardless of gender. As there are fewer roles and less turnover at senior levels it will take time for the results of this to be felt.

Early talent initiatives

With initiatives such as our Innovate Her partnership, Kickstart and our internship programme, we're encouraging more women and young people into careers at Very and giving opportunities to all with no unconscious bias.

Leadership development

In April 2021, we will launch a nine-month development programme for our top 40 leaders. Key outcomes of the programme are to develop leaders who exhibit humility and flexibility, who engender trust, create psychological safety and foster inclusion within their teams and across our business. Working with a clinical psychologist, Dr Andrew McDowell, we will be using models (notably Gardenswartz and Lee's Four Layers of Diversity) and frameworks designed to foster rich conversations about what we include and exclude of ourselves, which is at the root of exclusion. We will also roll out this programme to another 100 leaders in September of this year.

Colleagues feel a sense of belonging

In our most recent engagement survey (Voice), we asked colleagues to score against the statement **"I feel like I belong at The Very Group"**. We scored 7.5 out of 10 on this. Our survey partner confirms anything over 7 is a positive result and this is something we'll continue to build on.



We recognised this year that we hadn't given enough focus to driving greater racial diversity and equality in our workplaces.

We started by committing to listen, learn and understand more, to take action to make things better in our workplaces, and to ensure that our brands are representative and supportive of the communities we serve. We asked for help from our colleagues, and they didn't let us down. Our Inclusion@Very network grew on the back of this.

Our Inclusion@Very community produced a whole week of content to mark our first annual celebration of Black History Month.

Throughout the week, we looked back at key moments and milestones in Black history, at the present by sharing stories from a number of our colleagues, and at our plans and hopes for the future, including simple actions everyone can take to become active allies. We also invited in well-known Black figures, including tech entrepreneur and investor, Piers Lilley, and musician, Jennifer John, to share their experiences and hopes with us.

Colleague experiences

episode 4



Laura Egerton
Solicitor, legal

We conducted our first ever colleague census to help us get a clearer understanding of the level of diversity and representation that exists within our organisation.

More than half of our colleagues participated in the census, helping us better understand how they identify across gender, sexual orientation, marital status, ethnicity and more. We were encouraged by the response from our colleagues, with many expressing their positive feelings around our desire to better understand our people.

Our colleague-led networks have been super busy this year. We've been amazed at how colleagues have continued to support one another despite the challenges that we've all faced.



In July, we held a week-long virtual celebration of LGBT+ Pride.

This centred around our Very march from home, with colleagues embracing the inclusion agenda with their families and across our sites. We established a Pride Allies community with a pledge that encouraged colleagues to commit to building visible allyship using digital creative assets.

We are a hugely customer-centric business, so to recognise and celebrate the diversity of our customer base, we turned both the Very and Littlewoods logos rainbow-coloured. As a Stonewall Diversity Champion, we ran an awareness session in collaboration with Stonewall, focusing on allyship and awareness. Recognising evolving demographics and identities, we also invested in facilities at our fully refurbished head office that are gender-neutral, flexible and support the type of inclusive culture we're building. We want this to be a space where everyone feels comfortable.



Our WAVE network gathered momentum and scale this year

The network introduced digital events following the move to remote working in March, with members who are unable to join live able to catch up on recordings in their own time. WAVE stories have become a regular event in our calendar, with colleagues openly sharing their career and life experiences as well as talking about challenges and how they've overcome them. 2020 also saw the introduction of WAVE Watercooler – an internal networking scheme that randomly pairs members of WAVE to help drive connection and collaboration, and we've also seen this broaden into coaching and mentoring. More and more colleagues are signing up to be a part of the network.

The WAVE Watercooler Conversation starters

First thing's first, if you're feeling a little anxious that's completely normal. Take a moment to remind yourself that everyone has opted into the process so the person you're meeting will be looking forward to getting to know you a little!

Here are some brilliant questions to help kick start conversation:

- What's been your biggest comfort during lockdown?
- Can you recommend any books or podcasts?
- How are you feeling today?
- What are you most looking forward to post-pandemic?
- What would be your ideal winter holiday?
- Which talent would you most like to have?
- What's your greatest extravagance?
- When you were little, what did you want to grow up to be?
- What's a common misconception about yourself?
- What's the best piece of advice you've ever been given?

Are you up for a challenge? Why not try to find at least one thing you have in common with the person you've been paired with before the end of your conversation?

If you have any feedback on the WAVE Watercooler process or would benefit from additional supporting materials just drop Louisa a note.

We've made great progress this year as we've built the foundations for an inclusive workplace, where everyone feels like they belong. There's lots more to be done and we're excited to make further progress to create an even more balanced workforce.

We're passionate about making it easier for women to rise, and with focus on driving inclusion right across our colleague experience and our new hybrid working model offering greater flexibility, we believe we can make a bigger impact than ever before. Our colleagues have really appreciated growth and development from the access to leaders and events that remote working has given them, and so we've increased our focus on flexibility through how, when, and where we work as we look forward to being able to use our office spaces differently in the future. We have some big ambitions when it comes to gender diversity for the next year, and we look forward to sharing more on how we make significant strides towards driving progress and further closing the pay gap.



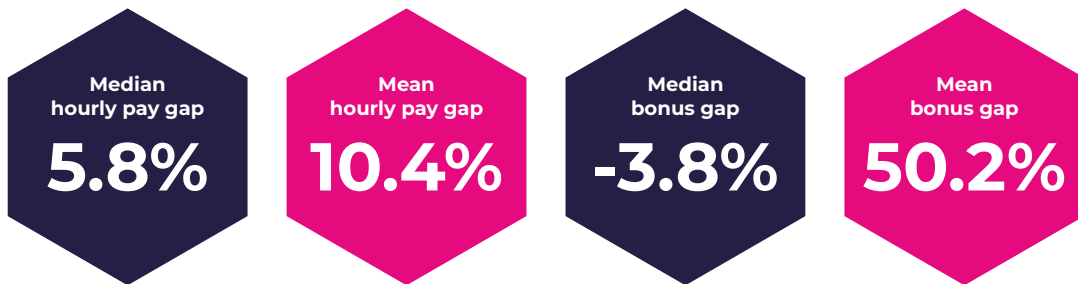
Our gender pay gap:

Disclosable figures for legal entities

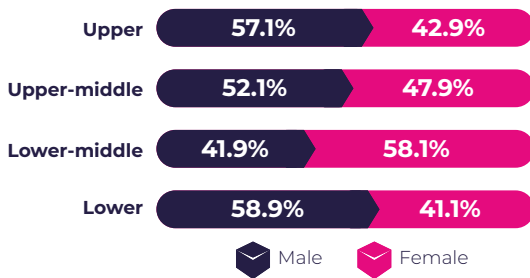
The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 mean we are required to report on any of our legal entities which have 250 or more employees.

Like most employers, we have legal entities for which we're required to publish our disclosable figures in line with the regulations. Here you'll find our gender pay gap information for Shop Direct Home Shopping Limited and Shop Direct Finance Company Limited.

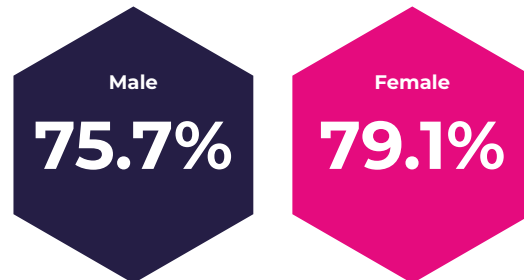
Shop Direct Home Shopping Limited



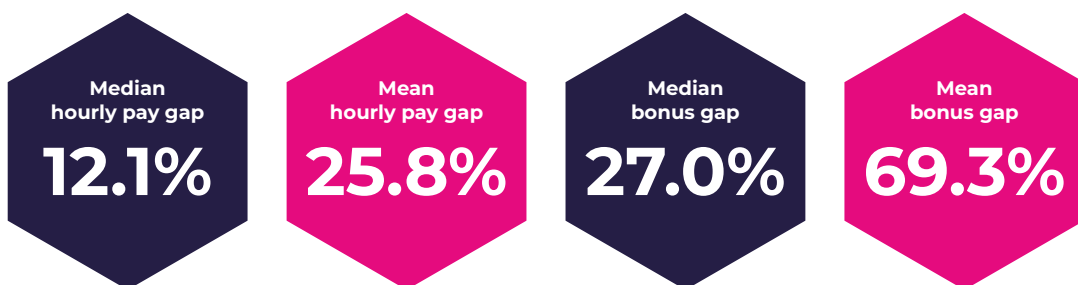
Pay quartiles



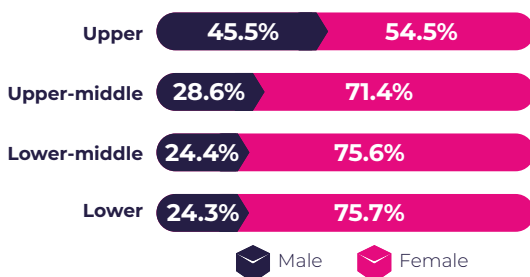
Proportion of colleagues who received bonus pay



Shop Direct Finance Company Limited



Pay quartiles



Proportion of colleagues who received bonus pay

