

FATFACE

**GENDER PAY GAP
REPORTING 2021**

THE BACKGROUND

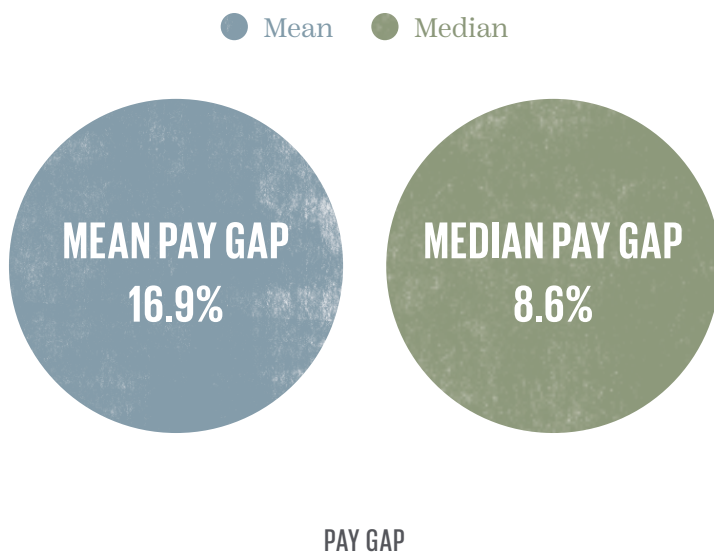
The UK government introduced a legal requirement under The Equality Act 2010 (Gender Pay Gap information) Regulations 2017, that from 2018 onwards companies with over 250 employees were required to disclose their gender pay gap on an annual basis. The requirement to report was delayed in 2021 as a result of the Covid 19 global pandemic.

This report is based on a snapshot of employees and earnings data as at 5 April 2021.

WHAT IS OUR PAY GAP?

Our mean and median pay gap differences between men and women are 16.9% and 8.6% respectively. This reflects a pay gap in favour of men.

In line with the regulations, we have also set out the gender distribution across four equally sized quartiles based on pay range.



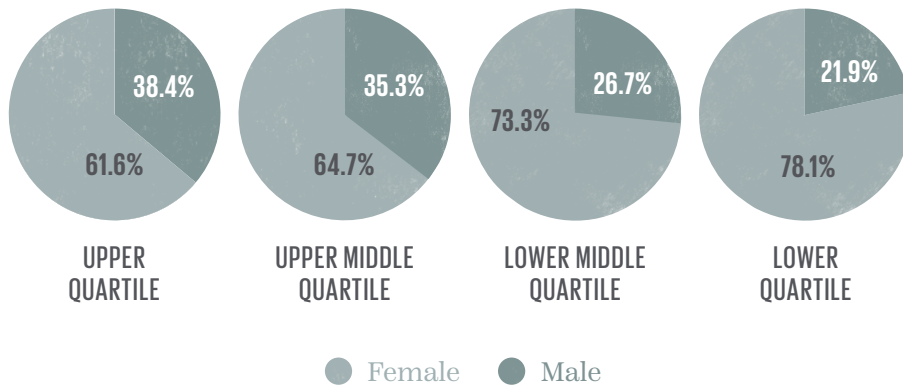
It is worth noting that on 5 April 2021, 48% of our total population were still furloughed as a result of the Covid-19 pandemic which meant they were on reduced pay (80%) and had to be excluded from our mandatory reporting figures above. The majority (98%) of those furloughed were our retail employees. As with the prior year, the business' priority throughout the pandemic has been to protect our employees' jobs whilst continuing to manage high levels of online purchasing and therefore strategically allocating resources to critical business functions.

In the reporting period, the business was led by a female CEO and the operating board comprised of a equal gender split. Therefore, FatFace has gender parity at the board level.

Both our mean (-11.6%) and median (-20%) pay gaps saw an increase in the Gap in favour of men against the prior year. During the period, a new male Director joined FatFace which, in conjunction with our hourly paid retail employees being excluded from this analysis, created an outlier which significantly shifted the mean gap in favour of men.

As a retailer, the largest proportion of our staff are store employees who operate our stores. We believe that the median pay gap provides a more representative picture as it is not as influenced by the outliers in the data set and is reflective of the position of this main group of employees. Prior to the pandemic in 2018 and 2019, our median pay gaps were 0.0% and 0.4% respectively. The employees that fall into the median are hourly paid retail staff, where our employees are paid at the same hourly rate. As we move forward from the impacts of the pandemic and all the employees are included back in the calculations, we expect this Median gap to return towards 0%.

PAY QUARTILES

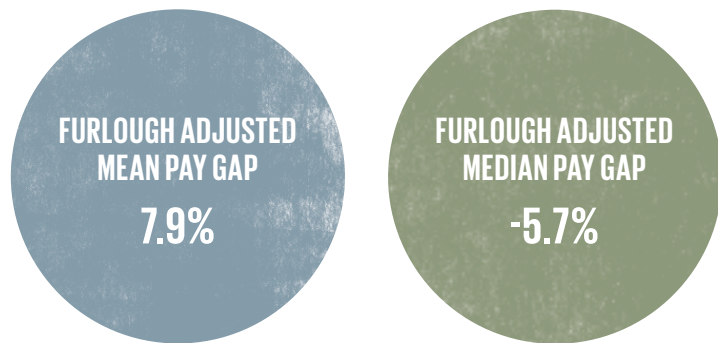


These charts show the proportion of men and women in each pay quartile at FatFace. The proportion of men in our Upper Middle Quartile has increased since 2020 (35.3% vs 29.5%), and we saw a similar percentage in our Upper Quartile compared to the prior year (38.4% vs 40.3%), whereas there has been a significant reduction of the proportion of men in our Lower (21.9% vs 44.2%) and Lower Middle (26.7% vs 56.6%) quartiles compared to 2020. As most of our hourly paid retail staff were still furloughed and not included as part of this analysis, the increased proportion of women in our Lower and Lower Middle Quartiles is likely due to the fact that the majority of our employees making up these quartiles are Store Managers, where there is a higher ratio of women to men. In contrast, in 2020 our Lower Quartile would have been largely our distribution centre workers that were working during Covid. The quartiles for this period are more indicative of our results from pre-pandemic than the results in the 2020 report.

As our hourly paid retail employees are paid the same hourly rate, their exclusion from these calculations due to furlough creates a widening of both the mean and median pay gaps.

● Mean ● Median

In line with the prior year, to capture a snapshot that is reflective of our full workforce and supports with year-on-year comparisons, we prepared an additional voluntary analysis using an equivalent of the full pay of our furloughed employees. This has provided a clearer picture of our pay gap excluding the impact of furlough arrangements. The results are as follows:

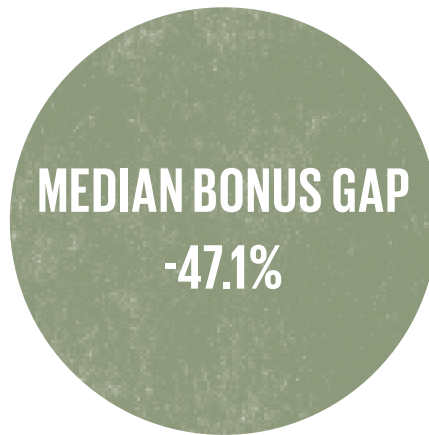
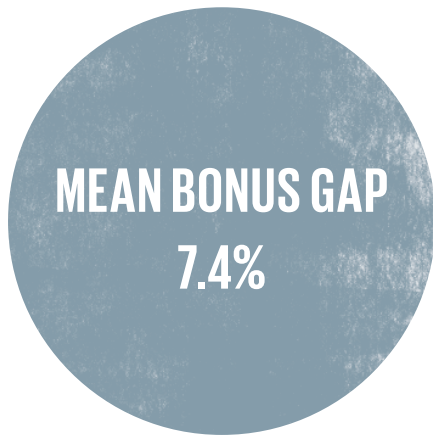


The gender pay gap differs from equal pay as it is not exclusively about men and women doing the same job and being paid differently. The gender pay gap considers the difference in average earnings, considering all jobs, at all levels and all salaries. We are confident that we do not have an equal pay issue and undertake reviews of pay and components across our workforce to monitor this.

Our pay gap is as a result of a number of factors, one of which is the fact that there are a smaller proportion of men in lower paid roles, even though overall we have a higher proportion of women in our workforce.

WHAT IS OUR BONUS GAP?

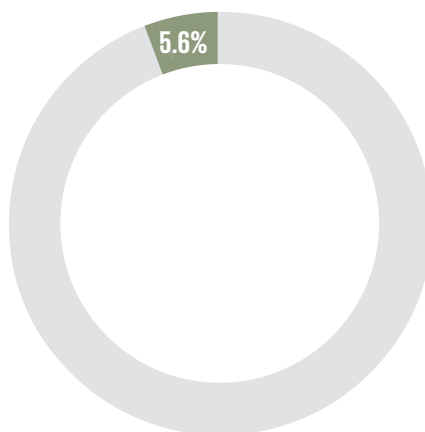
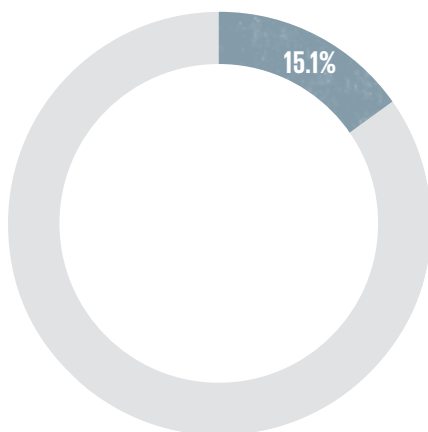
In addition to disclosing our pay gap, we are also required to disclose our bonus gap. Our mean and median bonus gap differences are 7.4% and -47.1% respectively.



Both our mean (72.7%) and median (55.9%) bonus gaps have reduced significantly against the prior year. The majority of our bonuses were paid to our Store Managers and workers in our distribution centres for working throughout the pandemic. This was a conscious commitment made by Fat Face to ensure staff who were putting themselves at risk during the pandemic were paid bonuses for their incredible efforts during this period.

Our Store Manager's bonuses are linked to their Store's performance and as such any gap that exists within our Manager population is largely indicative of the performance of the individual and their team, as well as any seasonal factors.

Accompanying bonus gap disclosures is the proportion of men and women who get paid a bonus.



Although this gap has increased since the prior year, it should be noted that this is largely due to one-off bonuses for our employees who worked throughout the pandemic, and is not indicative of a systematic widening of the gap.

Looking ahead post pandemic and our commitments to support our workforce.

● PROPORTION OF MALE STAFF RECEIVING A BONUS

● PROPORTION OF FEMALE STAFF RECEIVING A BONUS

LOOKING AHEAD POST PANDEMIC AND OUR COMMITMENTS TO SUPPORT OUR WORKFORCE

The pandemic affected all parts of our business, and we made our first priority ensuring that the jobs of current employees were maintained. Profitability within the business has now recovered to pre-pandemic levels, ensuring FatFace is able to focus on the future of the business and how we can support all of our employees.

We are committed to growing our digital business through e-commerce, with continuous improvement to optimise on site experience and support digital self-service. As FatFace moves to a more digital landscape we will be able to provide even greater support to our staff. We continue to improve our flexible working practices across our stores and head office to support employees from all backgrounds, including upgraded IT equipment and tools and support to assist with all aspects of employee wellbeing.

Our head office and stores have been restructured to ensure FatFace is successful in the medium to long-term to provide stability and future opportunities to our employees.

FatFace is actively focussing on what needs to be done to improve gender diversity across the whole company and make further strides to close the gender pay gap.

FatFace will continue to scrutinise our hiring and internal promotion processes (both internal and external) to make sure diversity and inclusion are at the heart of our business and that our senior leadership roles are representative. We are continuing to implement new diversity and inclusion initiatives to further our goal of an all-round supportive and inclusive environment as an employer our staff can be proud to be part of.

FatFace are continually focussed on being a responsible retailer and over the next year will be undertaking projects to review the way our workers are categorised with regards to the way pay is calculated, and also review our commitment to pay increases beyond National Living Wage.



Will Crumbie, CEO



Mark Wright Global Operations Director