

Gender
PAY REPORT
2018



Last year, Hovis welcomed the introduction of the Gender Pay Gap Reporting legislation. This report reflects the calculations required under this legislation for our Baking business, referred to as Hovis Ltd, together with our Milling business, Rank Hovis Milling Ltd (RHML), which is a wholly owned subsidiary of Hovis Ltd. Both employ more than 250 employees.

The report can be used not only to assess the levels of gender equality in our workplace, but also to see the balance of male and female employees at different levels of our organisation and evaluate how effectively talent is being maximised and rewarded.

In summary, the 2018 gender pay gap data for RHML shows year on year improvements with Hovis Ltd showing that, on average, female colleagues are paid more than their male counterparts.

As in 2017, this report will highlight a very clear, uneven gender balance, with a significantly high proportion of males versus females working within the business, reflecting that the manufacturing and logistics sectors as a whole are male dominated. However, when looking at our central functions in totality, our management and senior leadership populations highlight a clear positive female shift in the gender split since the business was created in 2014.

At Hovis Limited, we are excited by our journey and the positive changes we are starting to see and the impact it is having on our employer brand. We will continue on this journey, recognising that it will take time and that we need to continue to deliver our plans in the right way.

We confirm the data in the report is correct.

Nish Kankiwala
CEO

Pete Hill
HR Director

ABOUT OUR BUSINESS

Hovis Ltd is a baking and flour milling business

jointly owned by The Gores Group (51%) and Premier Foods plc (49%). Headquartered in High Wycombe, we employ around 3,150 people at eight bakeries, four flour mills, one wheat malting, one ingredients mixing facility and three regional distribution centres across the UK.

In addition to the Hovis brand, we have a number of additional brands including Mothers Pride, Ormo, Nimble, Rank Hovis, Holgran and Fleming Howden.

WE EMPLOY  AROUND 3,150 PEOPLE



8 BAKERIES



4 FLOUR MILLS



1 WHEAT MALTING FACILITY



1 INGREDIENTS MIXING FACILITY



3 REGIONAL DISTRIBUTION CENTRES



QUALITY



ACCOUNTABILITY



TRUST



A REMINDER OF THE LEGISLATIVE REQUIREMENTS

In 2017, the Gender Pay Gap Regulations required all UK employers with 250 or more employees to publish gender pay gap data on an annual basis.

The data shows a measure of the difference between the average hourly earnings of men and women as at 5 April 2018 regardless of their role or seniority (including, where relevant, to different organisations, bonuses, commission, acting up allowances, shift allowances and so on). It also includes:

- Mean and median gender pay gap
- Mean and median gender bonus gap (received in the 12 months leading up to 5 April 2018)
- The proportion of men and women receiving bonuses
- Proportion of men and women in each quartile pay band

In the calculations that follow, a positive number represents males being paid higher than females, whilst a negative number represents females pay being higher than males.



**THE DIFFERENCE
BETWEEN THE AVERAGE
HOURLY EARNINGS OF
MEN AND WOMEN**

OUR FINDINGS

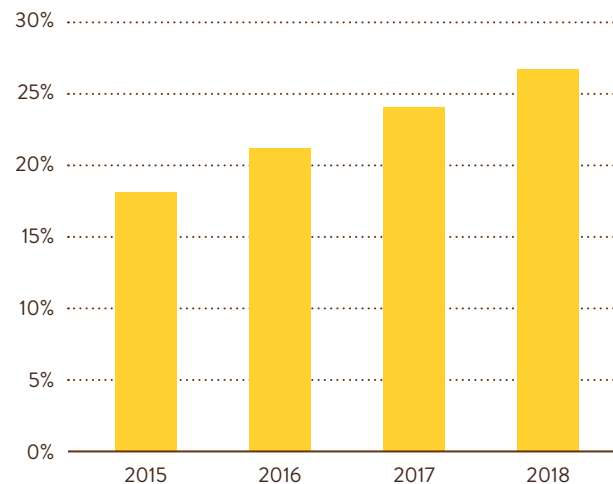
The results for Hovis Ltd clearly indicate that females are paid more than males both from a mean and median perspective. However, as previously mentioned, this is different in RHML.

In 2018, when looking at all colleagues, including full and part-time in the UK, together with all earnings, the gender pay gap reported by the Office of National Statistics (ONS) was 17.4% for mean earnings and 17.9% for median earnings versus 18.4% (median) in 2017. When looking at data presented in the Gender Pay Gap Briefing Paper (November 2018), more specific industry-related data gives a median of 11.2% in the Food, Drink and Tobacco, and Bakers and Flour Confectioners industries.

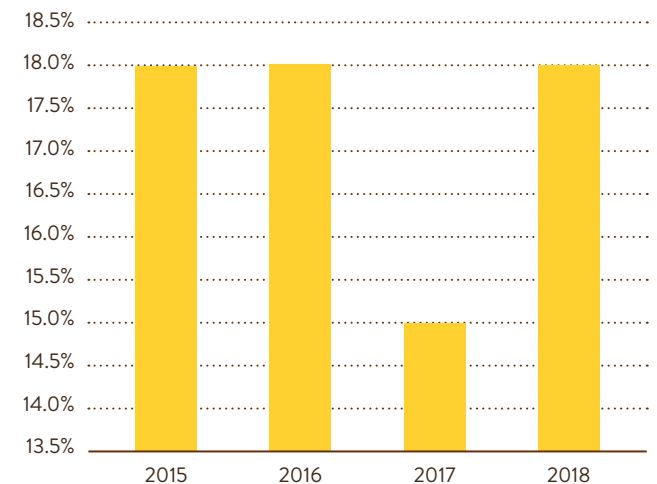
Regardless of our results, Hovis Limited has a desire to ensure that a higher number of females occupy the more senior management and leadership roles in both businesses. 27% of females now occupy our site and functional management teams versus 18% in 2015, with 18% of females occupying our senior leadership roles. When looking at our central functions in totality, 47% are females, which represents a steady increase since 2015 where 41% were females.

When looking at specific functions within our business such as legal, HR, finance and commercial, the number of females in position range from 42% to 100%. Areas where there is significant under-representation of women include engineering and logistics, which appears to be consistent with other organisations and industries.

% OF FEMALES IN MANAGEMENT POSITIONS



% OF FEMALES IN SENIOR LEADERSHIP POSITIONS



QUALITY



ACCOUNTABILITY



TRUST



OUR FINDINGS (CONTD.)

In addition to looking at our gender split by function, it is also important to look at other measures such as new starters, leavers, performance and internal promotions to ensure they are reflective of the overall split.

In 2018, 22% of all new starters were female vs 17% in 2016; 30% of our higher performers were female vs 25% in 2017; and 33% of all internal management and senior leadership promotions between 2016 and 2018 were female.

The increase in the number of females in these areas is also reflected in the quartile bands where we see an increase in the number of females in Q3 and Q4.

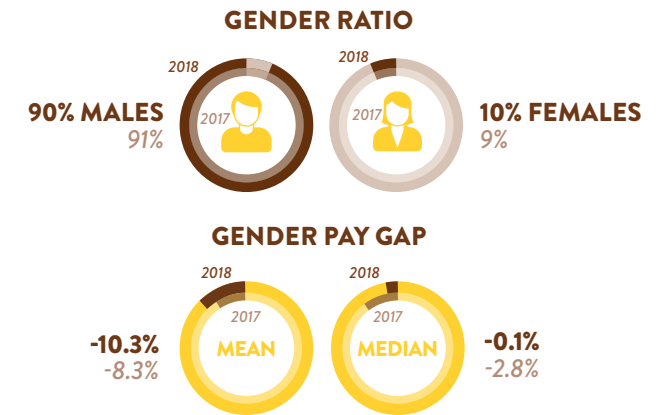
As part of Hovis Ltd's overall strategy which focuses on attracting, developing and retaining the best talent, we are also increasing the investment made in apprenticeships. Up until 2017, the Company predominantly employed apprentices within the engineering function but we have since recruited a number for roles within

our logistics operation. Across both functions, 10% are women versus zero the previous year.

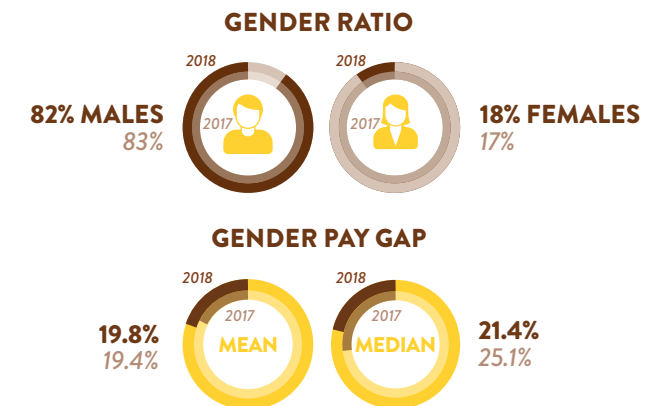
Although it is clear that progress is being made, we continue to focus on ensuring we are attracting and selecting the best talent for each of our roles within Hovis Ltd. Additionally, we have a very loyal set of colleagues, with an average length of service amounting to 12 years. This is predominately within our manufacturing and logistics operations and although it is something we are very proud of, it does mean that any change to the total gender split will take time.

When looking at our results, it is important to understand both Hovis Ltd and RHML as organisations and the data that has been used.

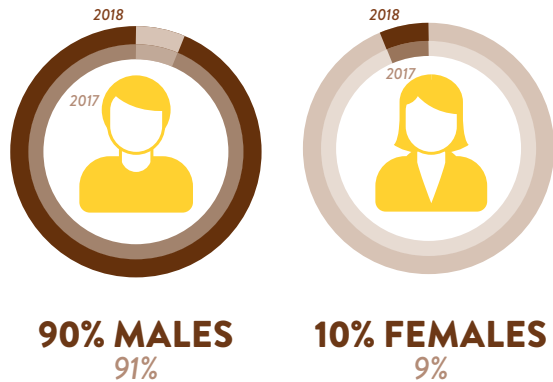
HOVIS LTD



RHML



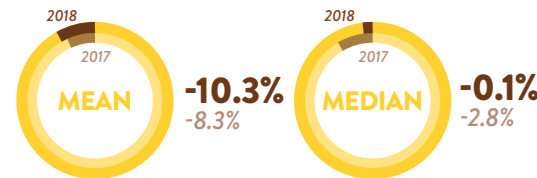
Hovis Ltd is a baking business that consists of an office in High Wycombe, eight bakeries and three regional distribution centres across the UK. The business has 90% males and 10% females.



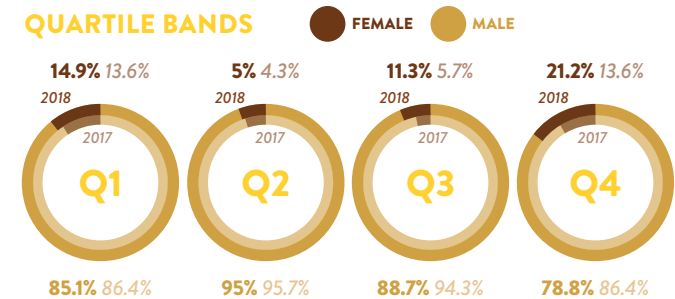
PAY

The gender pay gap for Hovis Ltd shows that women are paid 10.3% higher than men when looking at the mean versus 8.3% in 2017, and 0.1% higher than men when looking at the median versus 2.8% in 2017.

GENDER PAY GAP



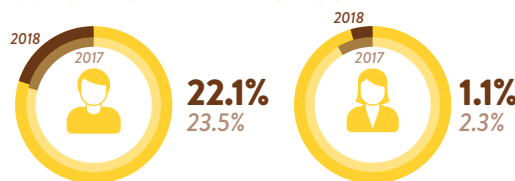
QUARTILE BANDS



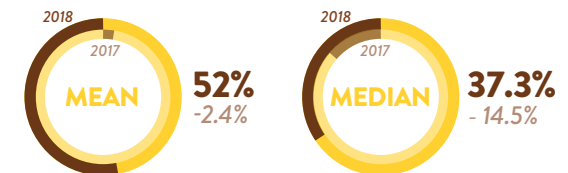
BONUS

The illustration below shows that 23.2% of the population receive a bonus where the male/female split is broadly in line with that of the company split. As per 2017, these bonuses are made up of management and attendance bonuses. Of the population receiving a management bonus, 23% were female vs 17% in 2017.

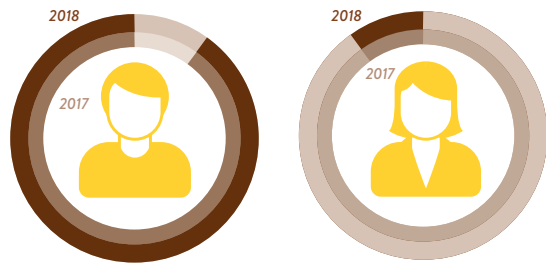
PROPORTION OF EMPLOYEES WHO RECEIVED A BONUS



GENDER BONUS GAP



For the period reported, RHML was a milling business that consisted of four flour mills, one wheat malting, one ingredients mixing facility and shared offices with Hovis Ltd in High Wycombe. The business had 82% males and 18% females.



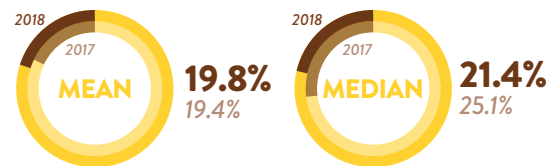
82% MALES
83%

18% FEMALES
17%

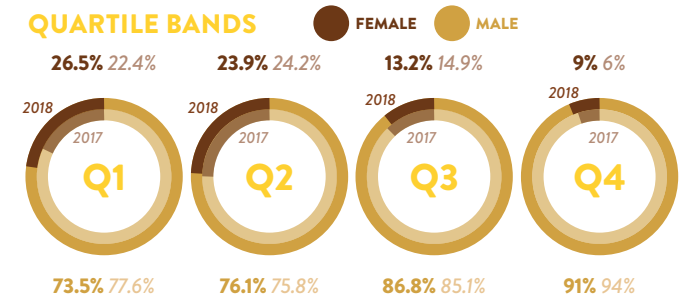
PAY

With RHML also having a high proportion of males to females, and with the quartile banding illustrating that there is a higher proportion of females in Q1 and Q2 versus Q3 and Q4, the result clearly impacts the gender pay gap with the mean and median being significantly above the UK statistics, but decreasing versus 2017.

GENDER PAY GAP



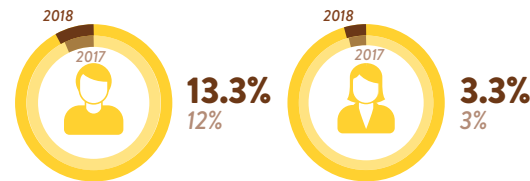
QUARTILE BANDS



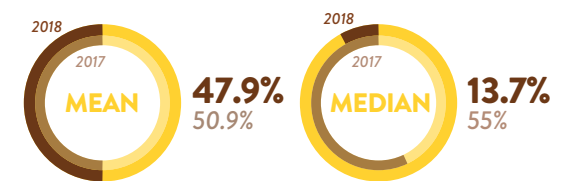
BONUS

The illustration below shows that 13.3% of the population receiving a bonus are male and 3.3% female. Of the 16.6% of the total population who receive a bonus, 20% were female.

PROPORTION OF EMPLOYEES WHO RECEIVED A BONUS



GENDER BONUS GAP



QUALITY



ACCOUNTABILITY



TRUST

