

Providing support and flexibility to reduce the gender pay gap.

We welcome the new annual requirement to publish gender pay comparisons. It has helped us to take stock of where we are as a business with our own gender pay gap, and our responsibility to tackle it.

The gender pay gap is especially prevalent in certain sectors, such as the technology sector, and it's an issue that goes beyond any one company. However, as a large employer in this industry, we absolutely have a role to play in eliminating the gap. We know there's a lot of work to do and it will take time to get there, but we are committed to closing the gap.

We want to make sure that Three is a great place to work where all our people can fulfil their potential and progress their careers now, and in the future. To do this we need to provide the right support and opportunities for women to grow, develop and achieve their goals.

We've started by listening to our people and focusing on the things that they tell us matter most.

Our people tell us that flexibility is one factor that supports employees in progressing their careers alongside their personal and family commitments. In 2017 we took our first steps in improving flexibility and introduced positive ways to support our people to achieve a better work/life balance. This includes introducing Personal Days and Unpaid Breaks, increasing Compassionate Leave and upping the annual holiday entitlement for our people.

But this is just the start. We recognise there is more to do and in 2018 we'll be working with a focused team to listen and continue to concentrate our energy on the things that make the biggest difference.

We're committed to creating a culture where more women can progress their careers, which will lead to a reduction in our gender pay gap over time.



Dave Dyson, CEO

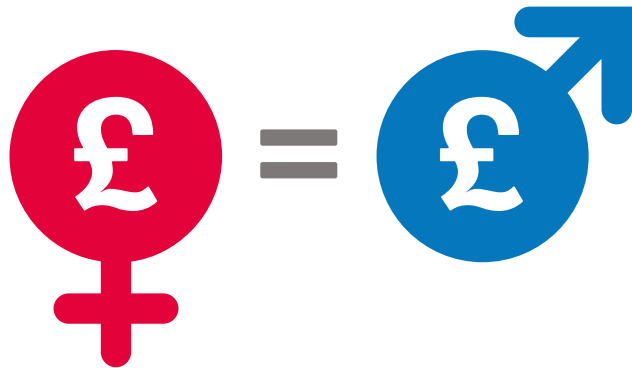


Amanda Lambert, People Director.

What is the gender pay gap?

The gender pay gap is a measure of the difference between how much all the men in the business and all the women in the business earn, regardless of role or seniority. It's different to an Equal pay comparison, which involves a direct comparison of individuals doing the same work, or work of equal value.

Equal Pay.



The purpose of this type of comparison is to ensure that men and women get paid equally for equal work. We are confident that we meet our equal pay obligations.

Gender Pay Gap.



This is the difference in the average pay of all the men and all the women in the organisation regardless of the work they do. This difference can also be impacted by the number of men and women in the organisation. The calculation itself does not show the reason for the pay gap only that a pay gap exists.

Three UK's gender pay gap.

Overall gender pay gap at Three UK.

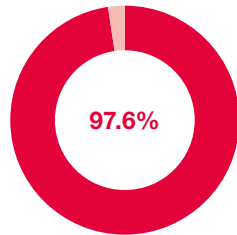
Median hourly pay gap.
14.9%

Mean hourly pay gap.
15%

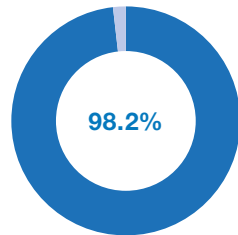
The UK national average median gender pay gap is 18.4%. (ASHE Survey 2017.)

The proportion of our people receiving a bonus.

Women.



Men.



The overall gender pay gap is calculated as an hourly rate to eliminate the differences between full and part time working. The bonus pay gap is higher as it is calculated on the amounts actually paid.

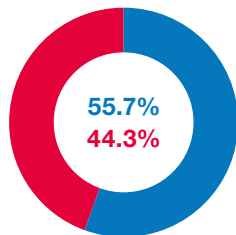
Median bonus pay gap.
32.8%

Mean bonus pay gap.
38.1%

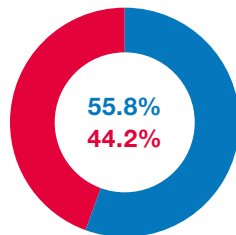
As the % of our women working part time is much higher than men, this contributes to the bonus pay gap.

The proportion of men and women in each pay quartile.

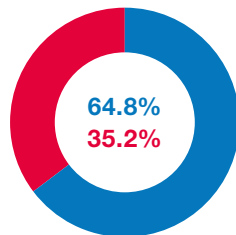
Here, the rate of pay for all the men, and all the women is equally split into four (quartiles) from lowest to highest pay. It is a good indication of how the gender pay gap differs at different levels of seniority.



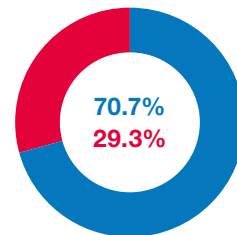
1st Quartile.
(Lowest pay)



2nd Quartile.



3rd Quartile.



4th Quartile.
(Highest pay)

Definitions.

What the 'mean' pay gap shows.

The mean shows the difference between how much men and women earn on average across the business. It's worked out by adding up the hourly earnings (during April 2017) of all the men in the business, and then dividing by the number of male employees, and similarly by adding up the hourly earnings (during April 2017) of all the women in the business and dividing by the number of female employees. This will give the average hourly mean pay for each. From these two calculations, we can calculate what the pay gap is. The mean bonus gap is worked out in the same way but using bonus pay over a 12-month period.

What the 'median' pay gap shows.

If you took all the women in the business and lined up their hourly rate from lowest to highest (during the month of April 2017) and found the middle, and did the same for men, this gives you the mid-point. The median gap shows the difference between these two mid-points expressed as a percentage. The median bonus gap is worked out in the same way but using bonus pay over a 12-month period.

What's included in the calculations?

The way the calculations are performed are set out in regulations issued by the Government. The calculation of mean and median hourly pay is based on data from April 2017 only. As well as basic pay, the calculations also include allowances, retail monthly bonus and any cash recognition payments (WOW points) received. We have to exclude overtime and the value of any benefits which are not in the form of money.

Why do we have a gender pay gap?

The main reason we have a gender pay gap is because we have fewer women in senior positions (as shown by the pay quartiles on the previous page).

This is a common issue for many technology companies, particularly where there is a high level of engineering roles which generally carry higher salaries. In total, women make up only 24% of all people employed in the STEM (Science, Technology, Engineering and Mathematics) sector in the UK ([WISE, 24 October 2017](#)).

However, a large proportion of our employees are based in our retail stores, where our Customer Advisors have fixed hourly rates. We do have more men in Retail Store Manager and Assistant Store Manager positions, which also contributes to the gap. We're hoping to address this by encouraging women to join our Retail Apprenticeship programme (launched in 2017), to help improve the gender balance in management roles in our retail stores.

What are we doing about it?

Understanding our own gender pay gap is helping us to recognise where we can make improvements.

Focusing on flexibility.

We recognise that flexibility is crucial to ensure that both men and women can manage their time and achieve a healthy work/life balance. This becomes especially important when raising and looking after a family, or taking additional caring responsibilities. Providing flexibility and support to take time out will help address the gender imbalance by enabling people to combine progressing their career with their personal commitments in a way that suits their needs.

In 2017, we introduced Personal Days, Unpaid Breaks, increased Compassionate Leave to up to four weeks, and increased the annual holiday entitlement for many of our people. But this is just the start, we realise we need to do more and this is a focus area for us.

Expanding opportunities with early careers.

In 2017 we launched our Apprenticeship programme internally for our retail employees to help them on the path to management. The Apprenticeship programme focuses on building leadership skills and behaviours to become a highly successful future leader. In 2018, we're looking forward to broadening the programme to other areas of the business.

Continuing to work with our people.

Having a voice is a key part of our culture at Three, and we actively encourage our people to share their views and ideas openly and honestly. We do this via regular surveys, face to face listening sessions with senior leaders, and our Employee Forum. This means we collaborate with each other to shape and create a business that will benefit all our employees. We'll be working with our Employee Reps, who have been elected by our people, to understand more about how we can create more gender balance across our business.

This report covers all employees of Hutchison 3G UK Ltd.

We can confirm that the information contained in this report is accurate and has been calculated in line with the gender pay reporting legislation.



Amanda Lambert, People Director.



Dave Dyson, CEO.