Introduction

1. HUGO BOSS UK Limited is a fashion company currently employing 959 people, who work in the head office and in our 72 retail stores across the country.

2. This document constitutes HUGO BOSS UK Limited’s response to the Business, Energy and Industrial Strategy Commons Select Committee’s inquiry on Corporate Governance and in particular the gender-pay gap in the private sector.

3. This submission only comments on the inquiry into the gender pay gap in the private sector.

Gender Pay Gap Reporting

4. In line with The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, HUGO BOSS UK Limited has publicly reported its gender pay gap information. The report demonstrates that HUGO BOSS UK Limited has a below average gender pay gap: our company’s mean and median gender pay gaps are both lower than the UK mean and median averages of 17.4% and 18.4% respectively.

5. At HUGO BOSS UK Limited, basic pay includes a basic hourly rate payment as well as a commission pay. The majority of our retail colleagues receive commission pay each month. This amount is uncapped and can vary by month and by year.

6. The HUGO BOSS UK Limited mean female hourly rate is 7.2% lower than the HUGO BOSS UK Limited mean male hourly rate.

7. The HUGO BOSS UK Limited median female hourly rate is 4.7% lower than the HUGO BOSS UK Limited median male hourly rate.

8. All our retail sales teams earn commission on the sales they make and the commission forms part of their basic pay.

9. 43% of our female employees work part time in our store entry level roles, which impacts on the level of commission they can earn compared to their full-time colleagues.

10. 18% of females in HUGO BOSS UK Limited receive a bonus and 17% of males in HUGO BOSS UK Limited receive a bonus.

11. The mean female bonus pay is 43% lower than that of a male employee in HUGO BOSS UK Limited. The median female bonus pay is 4% lower than that of a male employee in HUGO BOSS UK Limited. This difference is driven by the Director team which were all male at the time of reporting.

12. As of 02/05/2018 there are two female Directors within a team of six.

Scope of inquiry
13. This section provides information on the specific issues and questions raised by the Committee’s inquiry. The four questions posed by the Committee are outlined below together with HUGO BOSS UK Limited’s response.

14. Whether the annual information related to pay required under the Equality Act 2010 is sufficient? Should any further information be required?

   I. HUGO BOSS UK Limited fully supports the Committee’s and Government’s work on the gender pay gap. Nevertheless, the terms of reporting are narrow and the reported data can be misleading if presented without context. The reported figures for example only show the median and mean of pay of a whole workforce; they do not compare the pay of people working in comparable positions. We support the work of the Government and would welcome the review of this approach to create a reporting structure that leads to a fuller picture.

15. What is the extent of compliance? Is the information accurate?

   I. The information submitted by HUGO BOSS UK Limited is an accurate reflection of the gender pay differences. The calculation used a snapshot of the base pay on 5 April 2017 and the variable pay received in the 12 months prior to this date.

16. How effective are the sanctions for non-compliance with reporting requirements?

   I. Although we cannot comment on the effectiveness of the sanctions for non-compliance, we recognise the importance of the work of both the Committee and the Government in ensuring robust gender pay reporting and acknowledge sanctions as a part of this process.

17. What requirements, if any, should there be on companies to address gender pay gaps?

   I. HUGO BOSS UK Limited is well aware of its responsibility with regard to this topic and we have already taken steps to address our gender pay gap. We have put in place a number of initiatives (outlined below) that will help us improve how we attract, engage and develop different groups, including female talent.

   18. The initiatives below build on existing guidelines, which clearly state our commitments to ensuring there is no discrimination in the work place.

   Asking our employees

   19. In order to ensure we are continuing to foster a culture that cultivates transparency and open dialogue HUGO BOSS UK Limited will be asking its employees to complete an annual employee survey in 2018. The purpose of this survey is to understand how HUGO BOSS UK Limited can continuously improve and build upon creating an inclusive working environment.

   Changing the way we work
20. We acknowledge that offering flexible working opportunities for male and female employees will improve our ability to attract and retain a diverse work force. We will review contracts and work with our employees to ensure we are creating a flexible environment where employees can thrive.

2 May 2018