

Introduction from the Interim Chief Executive Officer

Mothercare plc is a markedly different company today than it was during the period covered in this report. Our colleague population – size, location, demographics – and commercial focus has transformed over the past year, moving from having UK retail at its core to a business-to-business, global franchise.

Within this reporting period, with the support and commitment of our investors, banks and other stakeholders, we restructured our financing and introduced a new operating model to enable us to build a more strategic, agile and sustainable global brand business; however, at the same time, we continued to face difficult headwinds in the UK retail market that led to over 70 store closures during the period. Subsequently, we were unable to secure a viable solution for our UK retail business and, with deep sadness, announced the administration of Mothercare UK Ltd and Mothercare Business Services Ltd in November 2019.

To that extent, the data disclosed in this report is a snapshot of a historical point in time rather than a reflection of our current position or future aspiration.

On the reporting date of 5 April 2019, we had 2,199 colleagues, the majority of whom were based in Mothercare retail stores the length and breadth of the UK. Today, one year later, we have 185 colleagues and we have no Mothercare retail presence in the UK. Our Mini Club partnership with Boots continues, with 429 of our colleagues working part-time in Boots shops. Next year, subject to completion of our franchise arrangement with Boots, Mothercare will look quite different again – with no shop-based employees.

This is our third gender pay gap report. Our pay gap remains largely unchanged and, in some instances, the year-on-year position is weaker due to the interim management structures put in place to lead the transition to the new business model and the reduction of our store estate.

Over the last 12 months, we have undertaken a full review of our job families, job descriptions and pay bands, and have made these fully transparent and accessible to all colleagues. While the government doesn't require us to report on equal pay, we are very proud that, again this year, our data reinforces that we provide fair and equal pay for colleagues doing comparable jobs. We also choose to go above and beyond the national living wage requirements.

We have also embraced flexible working, introducing core office hours and improving our internal technology to facilitate more effective remote working, and enhanced our policies to allow more options for unpaid leave for parents and carers. All of these changes are done in partnership with our elected colleague engagement group, who ensure our colleagues have a voice and help us to shape our ways of working across Mothercare.

The past 18 months have been the most challenging in Mothercare's 59-year history; however, the changes we have been through meant we started 2020 with greater focus and direction than we've

Gender Pay Gap Report 2019

had in some time. As I write this message, amidst the outbreak of the Covid-19 pandemic, it feels impossible to predict the extent of the impact on business around the world. What is unwavering is the Board's commitment to the wellbeing of our colleagues, and that includes continuing the work we are doing to tackle our gender pay gap through embedding equality, diversity and inclusion in all aspects of our company.

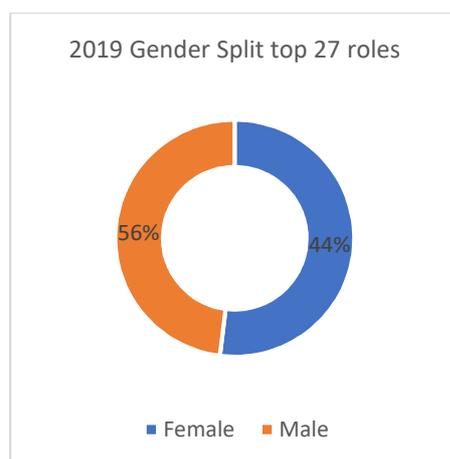
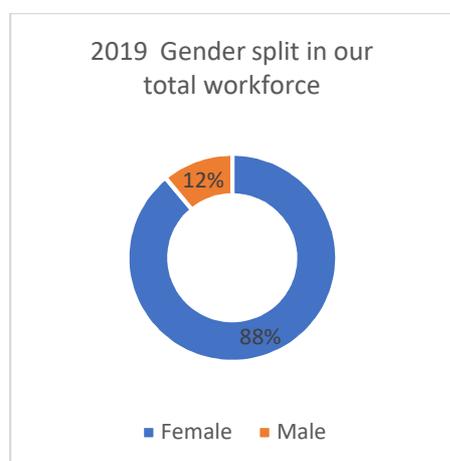
Glyn Hughes
Interim CEO

Context

In the UK workforce, men are more likely to hold senior positions where remuneration is generally higher. This is the primary cause of the gender pay gap in organisations.

Across the Mothercare Group at the data point required in this report 88% of the colleagues were female because Mothercare UK attracted more women to our store-based roles because of the appeal of flexible, local jobs, which women often favour, and because of the nature of mother and baby market that we serve.

The pay quartile calculation shows that 77% of people in the top pay quartile in Mothercare are women; however, if we analyse the 27 most senior roles, defined as the roles that we grade as Senior Manager or above, the proportion drops to 44%. The predominantly female total colleague base compared to the balanced male / female senior team is the main reason for Mothercare's gender pay gap.



Our gender pay gap

In line with the legislation, we have used the data for the datapoint of 5 April 2019 for each of our legal entities –Mothercare plc, Mothercare UK Ltd and Mini Club UK Ltd– and reported each individually on the Government website. Within this summary report, we use the data for Mothercare plc, which is the aggregated data.

As Table 1 outlines, the mean gender pay gap across Mothercare is 51.3% in favour of men. This is weaker than the previous year's gap of 43.6%. During the year, we introduced additional executive roles into our organisational structure temporarily to support the business transformation process, which has contributed to the gap. This included a CEO and Managing Director position and an Executive Chairman. We also closed UK store as part of the restructure process and sold the Early Learning Centre which increased the proportion of management positions relative to the overall headcount

The median gender pay gap, also shown in Table 1, is slightly higher at 13.6% against the previous year's gap of 11.4%. This was a consequence of the restructuring of the business during the year.

Table 1

	2019
Gender Pay Gap Mean	51.3%
Gender Pay Gap Median	13.6%

Our gender bonus gap

In 2019, a very small number of 23 colleagues received a bonus payment. The total value of all bonus payments made was £37.6k and the mean was £1.4k . 23 or 89% of the 23 bonus payments made 20 were awarded to women, representing 1.2 % of total female colleagues. 3 or 11% of the bonus payments were awarded to men, representing 1.3 % of total male colleagues. The value of bonus payments received by these three men represented 43% of the total bonus award which drove a mean gender bonus gap of 80.2 % and a median gender bonus gap of 81.6% as Table 2 outlines.

Table 2

	2019
Gender Bonus Gap Mean	80.2%
Gender Bonus Gap Median	81.6%

Looking ahead

We will publish our diversity and inclusion strategy alongside our next gender pay gap report in March 2021, which will set out our key areas of focus through to 2025.

Appendix : Data Disclosure Mothercare plc (aggregated data)

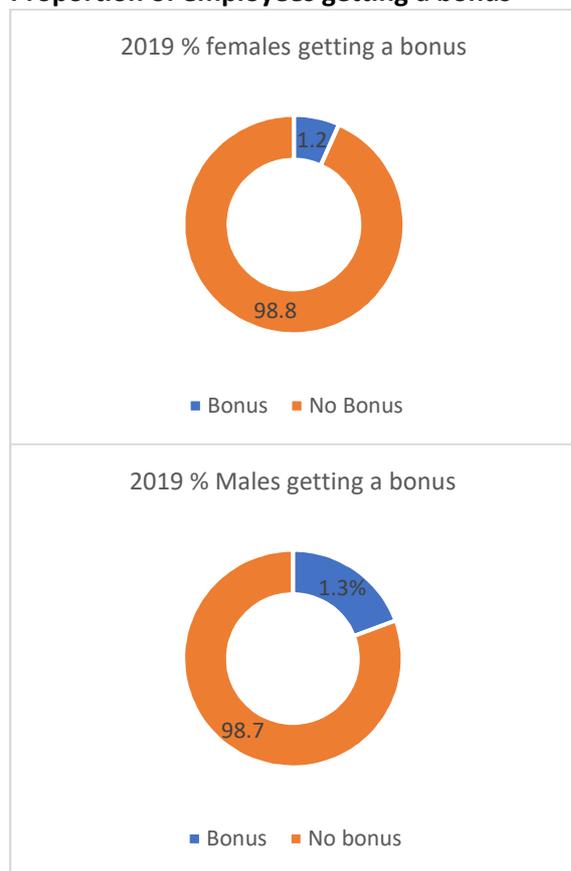
Mean and median pay

	2019
Gender Pay Gap Mean	51.3%
Gender Pay Gap Median	13.6%

Proportion of employees in each pay quartile

	2019	
	Female	Male
Upper quartile (highest paid)	76.9%	23.1%
Upper middle quartile	93.1%	6.9%
Lower middle quartile	93.5%	6.5%
Lower quartile (lowest paid)	94.9%	5.1%

Proportion of employees getting a bonus



	2019
Gender Bonus Gap Mean	80.2%
Gender Bonus Gap Median	81.6%