

GENDER PAY GAP REPORT 2020

INTRODUCTION

At Scott Bader, our mission is to build an inclusive work environment through our diverse communities across the world. We aim to attract, develop, and inspire talent that unleashes innovation, allows us to perform at our very best and creates a culture in which everyone feels they have an equal opportunity to participate and belong.

The UK Government introduced gender pay gap reporting legislation in 2017 which requires companies who employ 250 or more people to publish statutory calculations every year showing the difference in the average earnings between men and women.

Scott Bader has two legal entities in the UK; Scott Bader Company Limited and Scott Bader UK Limited. Although each legal entity does not meet the minimum headcount requirements to publish their own gender pay report, as an organisation committed to the principles of transparency and equality in the workplace, we have voluntarily decided to publish our gender pay gap information. This is a combined report of both legal entities as of 5th April 2020.

We are proud to report on our increased efforts to create an inclusive and engaged culture and believe it is important to close the gender pay gap and encourage diversity to enable us to attract, retain and develop the best talent.



Kevin Matthews
Group Chief Executive Officer



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THE REGULATIONS

It is important to understand the difference between gender pay gap and equal pay.

Gender pay gap shows the difference between average hourly earnings of men and women across the organisation.

Equal pay refers to a legal requirement, introduced in 1970 and updated in 2010, that men and women within the same organisation must receive equal pay for doing like-for-like or similar jobs.

Gender pay gap reporting was introduced in 2017 where companies falling within the reporting framework are required to disclose their gender pay gap annually.

THE CALCULATIONS

As part of gender pay gap reporting, we are required to complete calculations on six key metrics.

The mean is the comparison of the average pay for a female and the average pay for a male. As all jobs pay differently, and the number of men and women in these jobs will vary, a gender pay gap will exist.

The median pay gap takes all colleagues in order of increasing pay for women and men and compares

the pay of the female in the middle of their line with the pay of the male in the middle of their line.

At Scott Bader we support gender pay reporting and we are committed to gender neutral reward, recruitment, and progression to meet our 2036 vision of unleashing colleague potential.

1. MEAN GENDER PAY GAP
The difference in the mean pay of men and women as a percentage

2. MEDIAN GENDER PAY GAP
The difference in the median pay of men and women as a percentage

3. MEAN BONUS GAP
The difference in mean bonus of men and women as a percentage

4. MEDIAN BONUS GAP
The difference in median bonus of men and women as a percentage

5. BONUS PROPORTIONS
Proportion of men and women who received bonus pay

6. QUARTILE PAY BANDS
Proportion of men and women in each of four pay quartiles



OUR RESULTS

SCOTT BADER UK PAY GAP 2020

MEAN PAY GAP

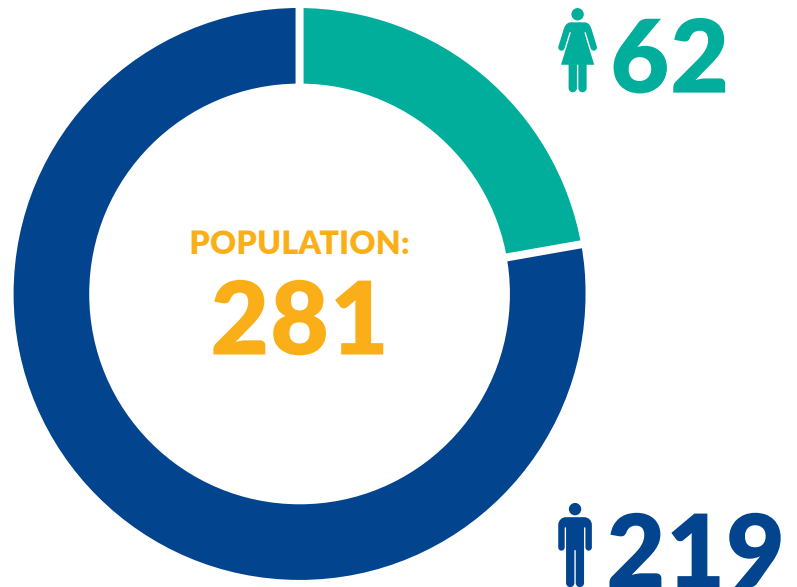
12.5%

National average:
7.4%

MEDIAN PAY GAP

0.7%

National average:
15.5%



BONUS GAP 2020



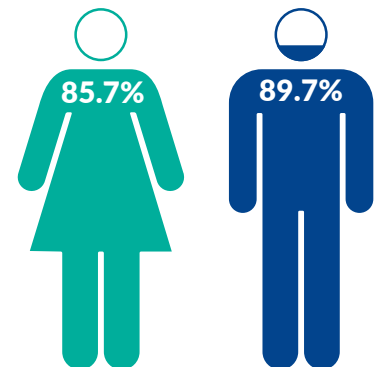
MEAN BONUS GAP

29.7%

MEDIAN BONUS GAP

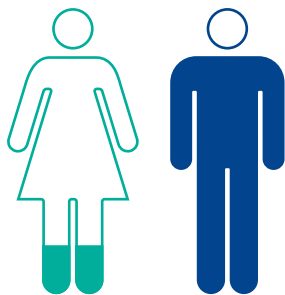
13.8%

PROPORTION IN RECEIPT OF A BONUS 2020

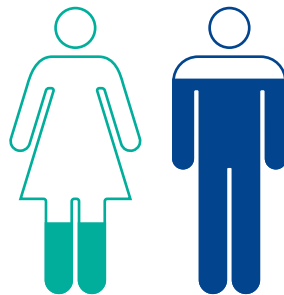


PAY QUARTILES

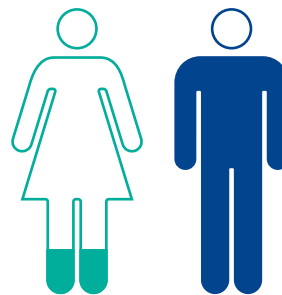
UPPER



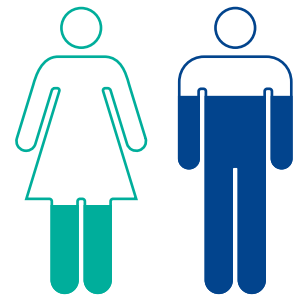
UPPER MIDDLE



LOWER MIDDLE



LOWER



17% 83%

25% 75%

15% 85%

31% 69%

All numbers have been calculated in line with regulatory guidelines.

UNDERSTANDING OUR RESULTS

We are proud to report that our median gender pay gap at 0.7% is significantly lower than the national average of 15.5% as estimated by the Office for National Statistics ONS for 2020.



HUMANITY

The median gender pay gap is widely considered as the most representative because the mean gender pay gap can be sensitive to outliers if there are one or two highly paid people. We remain focused on ensuring that we reduce the gap further and work on other key metrics to ensure we create a fully inclusive working environment where all colleagues can unleash their potential and be the best they can be.

To understand our results further we need to consider that as is common with the manufacturing and chemical industry, we have a predominantly male workforce, which accounts for 78% of the total workforce.

We employ 281 colleagues across the two Scott Bader legal entities, 92% of whom work full time. Our female colleagues represent 77% of our part time colleagues.

Scott Bader UK Limited which consists mostly of operational roles makes up 69% of our combined UK workforce with nearly 18% of this

group being female. Comparatively, female representation at Scott Bader Company Limited, which is largely group focused functions such as finance, research and development, commercial and HR as well as the Group Leadership Team (GLT), is more balanced with 31% female representation.

Our mean and median bonus gaps are 29.7% and 13.8% respectively. We operate two main types of bonus schemes – the Profit Performance Plan (PPP) and the Group Staff Bonus (GSB). All colleagues are eligible to participate in these schemes from their start date. PPP is a percentage of annual salary (including any shift premium) and GSB is a fixed amount to all colleagues. The bonus proportion metric not being 100% can be explained by the timing of the payment which was paid in June/ July 2019 for the bonus scheme year ending 31st December 2018. Any new starters from 1st January 2019 would not have been eligible to receive a payment for the 2018 scheme.

We have a third bonus scheme which is focused on our sales teams. Only colleagues employed as members of the sales teams are eligible to participate. Most of our sales teams are male with only 7% of females receiving the sales bonus in 2020. Our operational team is 96% male and they work shifts. Our bonus gap is therefore largely influenced by a lack of female representation in operational and sales roles which attract additional allowances and bonus schemes.

Although we are proud of our flexible working policies which enable colleagues to work reduced hours if they choose to, this impacts our mean bonus gap as 77% of colleagues who work reduced hours are women and their bonuses are pro-rated to reflect the hours worked.



THE FUTURE

We are pleased with our progress in addressing the gender pay gap and will continue to ensure that colleagues in similar roles are paid equitably for the same or equivalent work.

Scott Bader is committed to ensuring that pay and reward is based on merit not gender. We aim to attract, develop, and inspire talent that unleashes innovation, allows us to perform at our very best and create a culture in which everyone feels they have an equal opportunity to participate and belong.

Since this data collection and reporting window we have introduced several initiatives that we believe will increase our Diversity & Inclusion as well as address gender pay gaps.

TRAINING AND DEVELOPMENT

To help us achieve a respectful and inclusive workplace, all colleagues are completing training to expand on their understanding of Diversity & Inclusion and become more aware of unconscious bias and other barriers to Diversity & Inclusion. To ensure we follow best practice and remain consistent in our approach to Diversity & Inclusion, we are working towards achieving the BSI's British Standard for Diversity & Inclusion – BS 76005 (valuing people through diversity and inclusion) not just for the UK but across the whole Scott Bader Group.



**DIVERSITY
& INCLUSION**
AT SCOTT BADER

We introduced a Women in Leadership Development (WIL) Programme in the autumn of 2019 and the feedback on the programme was overwhelmingly positive. The comprehensive 9-month programme included training on personal branding, presence, impact, beliefs, and confidence with participants supported by a leadership level sponsor in the business and ongoing coaching. We are proud to report that nearly 70% of the WIL participants are now in new or expanded positions. Due to the impact of the pandemic, we conducted a virtual WIL during 2020 for a further 29 women.

Following the success of the WIL programmes, we have developed a RISE programme which is focused on developing diverse leaders of the future. This programme has 14 participants across the group and started in April 2021.

Of the internal moves we made in 2020, over a third of these were females who received an increase in salary because of a promotion, expanded role or increased responsibility.

We will be launching a leadership competency framework across the Group in Q2 2021 which captures the expectations of our colleagues and our leaders in terms of managing self, managing others, and managing the business. We are focusing on inclusive behaviours linked to our



core values. These will be cascaded through the organisation during the second half of 2021. We are also launching competency frameworks in finance and technology with the roll out of Training Assessment Scheme (TAS) across other functions in our Operations team around the Group.

FAIR PAY AND REWARD

We carried out a salary benchmarking exercise across the Group to ensure colleagues are fairly and consistently rewarded. We are currently implementing a pay and reward framework with focus on specific job families with a commitment to addressing any pay gaps. Each year we will address any gender pay gaps as a priority. We will conduct further salary benchmarking every couple of years to ensure we remain fair and competitive.

All colleagues are eligible to participate in the Profit Performance Plan (PPP) from their start date as well as the Group Staff Bonus (GSB). Colleagues who are part of the Sales Teams are also eligible to participate in the Sales Bonus. We are conducting a variable pay benchmarking activity and the results will be shared and discussed with the Remuneration Committee.

DATA CAPTURE AND REPORTING

We have invested in a global HR information system to allow us to capture and report on people data. Due to GDPR or equivalent requirements we will be encouraging our colleagues to “count me in” to give their consent to share their gender and ethnicity so we can measure, set KPI's and improve our gender and Diversity & Inclusion reporting.

We will be publishing our first Employee, Environment, Social & Governance report in Q2 2021.

Our results for 2020 are very encouraging and we know that we can continue to do more from a Diversity & Inclusion perspective.

At Scott Bader we have always recruited and promoted the right people for the right jobs based on personal merit, regardless of gender or any other personal characteristic, and we will continue to do so in the future.

We will focus on recruiting from a wide as possible talent pool and will take measures to attract diverse candidates. Also, we will continue to advertise vacancies internally to drive a greater gender balance in our management and senior positions.

We are introducing new talent management and succession planning processes in the second half of 2021 to ensure we have

a diverse mix of colleagues with a wide range of skills, competencies, and behaviours to enable them to be the best they can be.



Julie Thorburn
Group HR Director

REFLECTIONS FROM OUR WOMEN IN LEADERSHIP PARTICIPANTS

“My success in securing a new managerial role was the outcome of applied new skills and a network of support gained directly from the programme. The subject areas covered gave me an increased level of confidence and greater clarity of how to progress my career in the right way. Overall, the program has left a lasting impact on me and provided meaningful life skills that will continue to support me for the rest of my career.”



Heather Puddephatt
Application & Development Manager

“The tools, skills, and the confidence gained from the programme pushed me out of my comfort zone. I have a new role which is challenging me in so many ways and I am engaging with so many more colleagues from around the whole group. I feel my contribution to the company has increased 10-fold. Personally, the strong friendships forged from the programme are fantastic, we support and push each other and are there whenever advice is needed.”



Philippa Ayears
Global Process Owner

“Being a part of the course has changed how I handle situations including using the skills learnt with courageous conversations, so I am not embarrassed to talk about my pay with my manager.”



Helen Clifton
Process Engineering Manager

“The programme has given me the confidence to seize opportunities for myself rather than waiting for recognition, or the next promotion to come based on ‘just’ hard work alone. The course gave us all the tools and insight we needed to propel ourselves forward into the next stages of our careers.”



Jessica Clark
Group Reporting Analyst

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