

GENDER PAY GAP REPORT UK 2022



INTRODUCTION

Scott Bader is a company with a strong heritage based on values of fairness for over a century. As an employee-owned business, 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 and allows us to perform at our very best and create a culture in which everyone feels that have an equal opportunity to participate and belong.

Gender pay gap reporting in the UK is now in its sixth year and it requires companies who employ 250 or more people to publish statutory calculations every year showing the difference between the average earnings between men and women. Reporting annually is an important way to measure how recruitment, reward and progression decisions impact the achievement of a diverse and inclusive workforce.

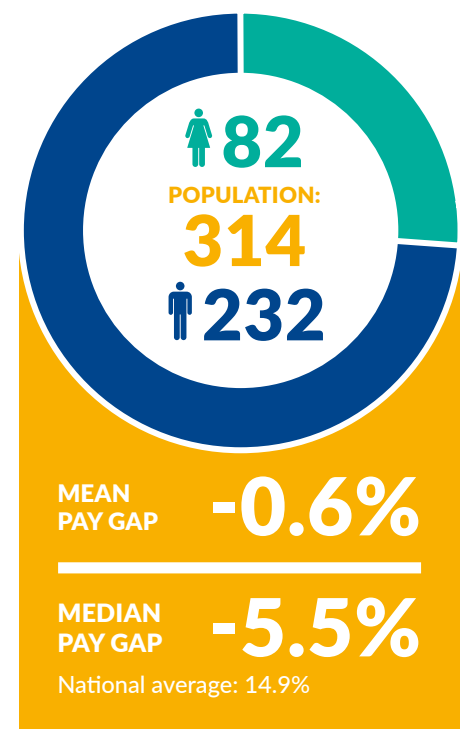
This is a combined report covering the 2022-2023 reporting cycle, using a snapshot as all legal entities as of 5th April 2022.

We are very pleased with our gender pay gap results for April 2022 with the pay differential being positive for women for the first time. This is an encouraging sign of the progress we are making on the activities we are implementing to create an inclusive and engaged culture. We believe it is important to close any pay gap and encourage diversity to enable us to attract, retain and develop the best talent.

Scott Bader has three legal entities in the UK: Scott Bader Company Limited, Scott Bader UK Limited and Scott Bader Commonwealth (The). Although each legal entity does not meet the minimum headcount requirements to legally report on their gender pay gap, overall, the organisation employs 314 individuals in the UK and as an organisation committed to the principle of transparency and equality in the workplace, we have voluntarily decided to publish our gender pay gap information.



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 the 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 are committed to gender neutral reward, recruitment, and progression to unleash 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 pay of men and women, as a percentage

4. MEDIAN BONUS GAP

The difference in median bonus pay of men and women, as a percentage

5. BONUS PROPORTIONS

Proportion of men and women who received bonus pay

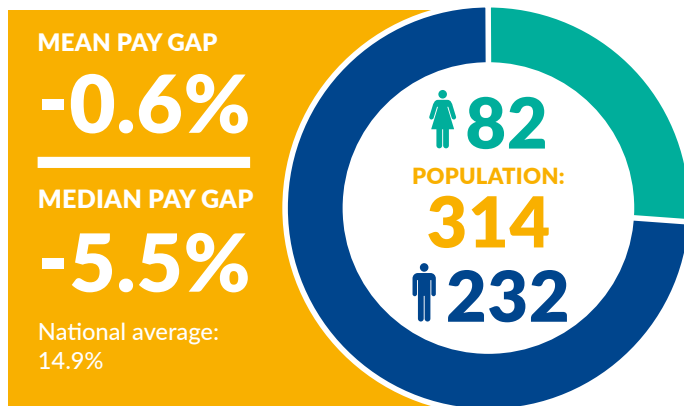
6. QUARTILE PAY BANDS

Proportion of men and women in each of four pay quartiles

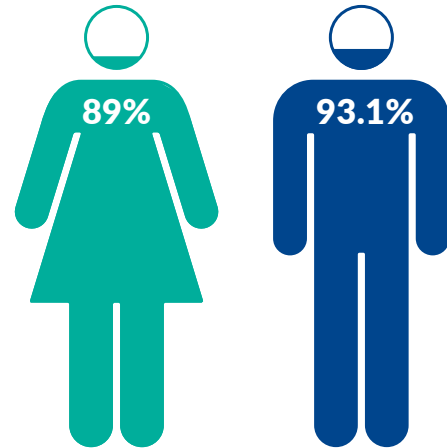


OUR RESULTS

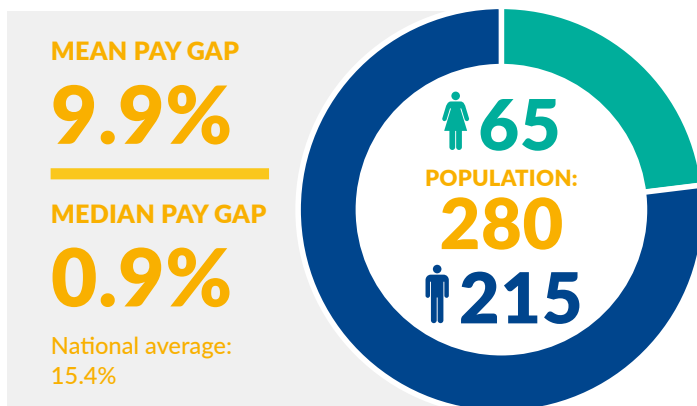
SCOTT BADER UK PAY GAP 2022



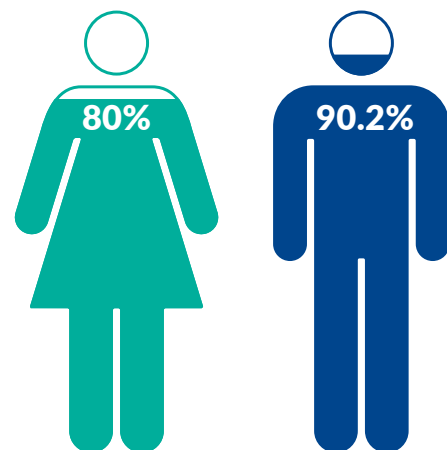
PROPORTION IN RECEIPT OF A BONUS 2022



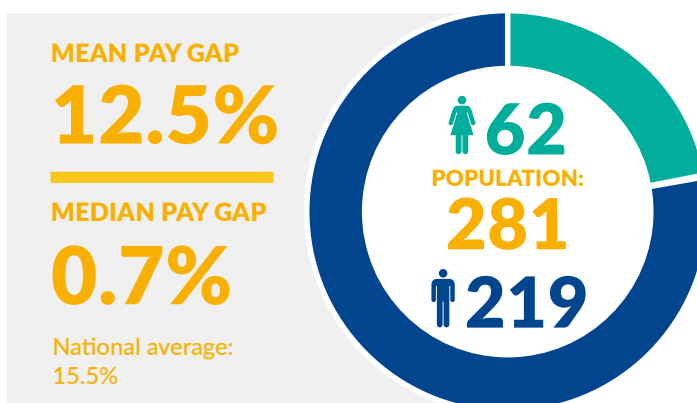
SCOTT BADER UK PAY GAP 2021



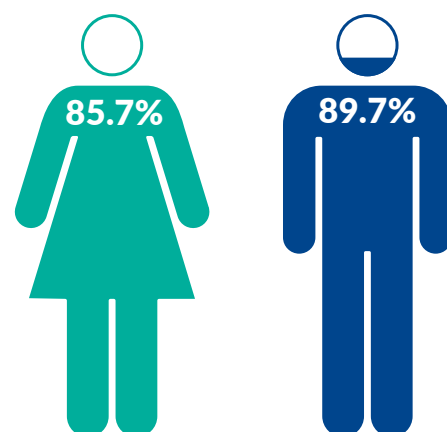
PROPORTION IN RECEIPT OF A BONUS 2021



SCOTT BADER UK PAY GAP 2020



PROPORTION IN RECEIPT OF A BONUS 2020





BONUS GAP 2022

MEAN BONUS GAP

19.6%

MEDIAN BONUS GAP

11%

BONUS GAP 2021

MEAN BONUS GAP

17.9%

MEDIAN BONUS GAP

2.2%

BONUS GAP 2020

MEAN BONUS GAP

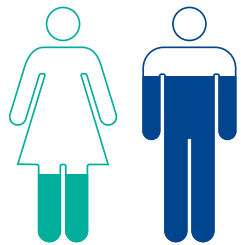
29.7%

MEDIAN BONUS GAP

13.8%

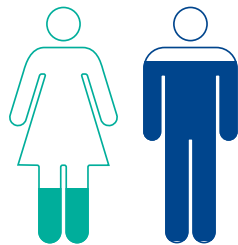
PAY QUANTILES 2022

UPPER



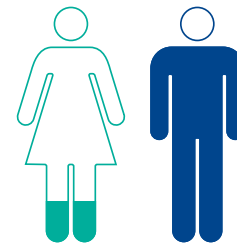
29.2% 70.8%

UPPER MIDDLE



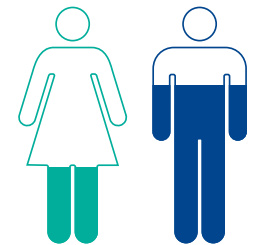
23.6% 76.4%

LOWER MIDDLE



16.9% 83.1%

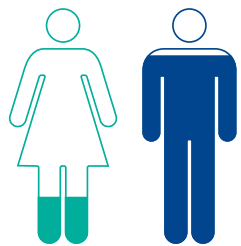
LOWER



33.3% 66.7%

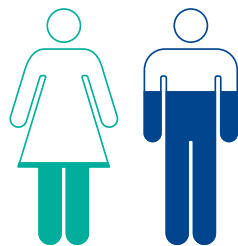
PAY QUANTILES 2021

UPPER



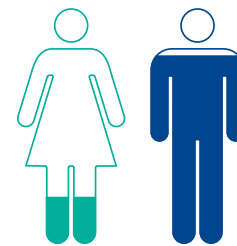
20% 80%

UPPER MIDDLE



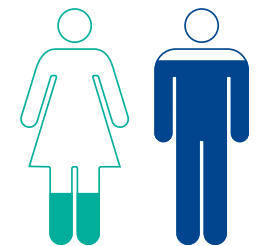
35% 65%

LOWER MIDDLE



20% 80%

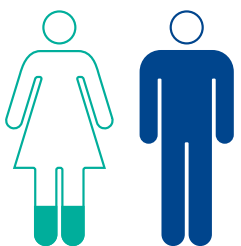
LOWER



22% 78%

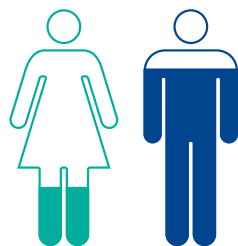
PAY QUANTILES 2020

UPPER



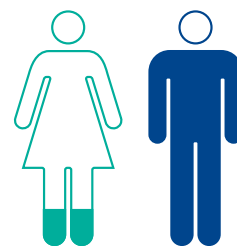
17% 83%

UPPER MIDDLE



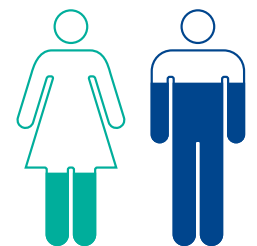
25% 75%

LOWER MIDDLE



15% 85%

LOWER



31% 69%

All numbers have been calculated in line with regulatory guidelines.

UNDERSTANDING OUR RESULTS

We are proud to report our median gender pay gap of -5.5%. This compares to the national median showing women earn 14.9% less than men as estimated by the Office for National Statistics (ONS) for 2022.

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 of two highly paid people. We can see a significant improvement in our gender pay gap over the last 3 years and although we have a negative gender pay gap, we will continue to work on any gender pay issues and other key metrics to ensure we create a fully inclusive working environment where all our colleagues can unleash their potential and be the best they can be.

As reported in our previous gender pay report, we need to consider that as is common with the manufacturing and chemical industry, we have a predominantly male workforce, which account for 73.88% of the total workforce. We employ 314 colleagues across the three Scott Bader legal entities, 94.59% of whom work full time. Our female colleagues represent 4.14% of our part time colleagues.

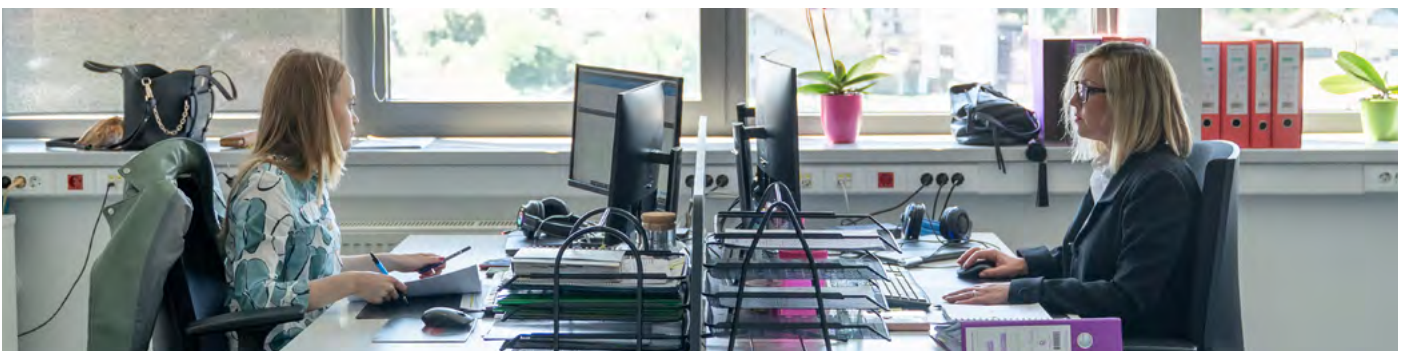
We have continued to see an increase in female representation from 23.2% in 2021 to 26.11% in 2022 due to our increased activity in talent acquisition and succession planning.

Our mean and median bonus gaps are 19.6% and 11.0% respectively and both measures have improved from our report in 2021 because we have activity focused on diversity and inclusion throughout our workforce and continued to appoint females at senior levels in comparison to our 2020 data. 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. The PPP is a % of annual salary (including any shift premium) and the 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 April 2022 for the bonus scheme year

ending 31 December 2021. Any new starters from 1st January 2022 would not have been eligible to receive a payment for the 2021 scheme.

We have a third bonus scheme which is focused on our sales team and only colleagues employed as a member of the sales team are eligible to participate. Most of our sales teams are male with only 0.32% of females receiving the sales bonus in 2022. Our operational team is 87.28% male. 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 76.5% of colleagues who work reduced hours are women and their bonuses are pro-rated bonus to reflect the hours worked.



THE FUTURE

We are pleased with our achievements with 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.

We have continued working on several initiatives which have had a positive impact on our diversity and inclusion as well as address gender pay gaps.

TRAINING AND DEVELOPMENT

We continue to support colleagues with training and education and have completed e-Learning as well as unconscious bias training to help us achieve a respectful and inclusive workplace. We continue to define the top level strategic view of our Diversity and Inclusion framework to meet the requirements of ISO 30415.

At Scott Bader, our aim, as an intrinsic part of our guiding principles, is to create an environment that is welcoming to all people, and ensures we treat each other and customers with respect. We appreciate different and fresh ways of thinking, encouraging innovation where colleagues feel they can express their views freely, and create a working atmosphere in which everyone is able to deliver a high-quality service.

As a global company with multiple sites we are fully aware of our diversity footprint and aim to ensure that we create an open, equal and inclusive environment to allow us to enhance our diversity. These sentiments are reflected in our Diversity and Inclusion mission statement:



**DIVERSITY
& INCLUSION**
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 and 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.

This mission statement is implemented via our Group Diversity and Inclusion Policy which has been agreed and committed to by our Governance Boards and Leadership Teams.

Our Women in Leadership Development (WIL) Programme which covers training on personal branding, presence, impact, beliefs, and confidence ran for a 4th time. We have had 31.3% of our female



colleagues attend this programme and will continue to support our female colleagues with this development intervention. We are seeing the impact of these programmes with an increase of women in our leadership grades from 31.2% to 33.9% at the end of 2022. We aim to continue supporting women and their personal growth.

Through our succession planning and talent review processes we have identified and developed the potential of colleagues through blended learning activities including on the job development programme, training assessment scheme (TAS) running high quality training courses and increasing our use of digital learning through our partnership with Skillsoft.

We continued our partnership with Better Up coaching, enabling senior leaders and key talent access to 1:1 coaching. Colleagues reported that the coaching had helped them achieve their goals, 93% reported being more effective at work as a result of coaching and 54% rated the coaching as 'life changing'. We have supported 13% of our workforce with this highly effective coaching.

We have launched an internal mentoring programme with colleagues matched to other colleagues where they can exchange knowledge, build networks, and learn through each other.

The work carried out in 2021 to launch our leadership competency framework continued in 2022 with delivery of training across the group which captures the expectations of our colleagues and our leaders in terms of managing self, managing others, and managing the business. At Scott Bader, we are all leaders! It's embedded into our values and guiding principles that we support one another, we help others, and we take shared responsibility for the company's future success. Following the training, we asked colleagues to complete a self-assessment and to hold a discussion with their line manager to agree a development plan. We followed this with talent reviews and succession planning. Near enough 50% of our colleagues are now covered by the framework.

INVESTORS IN PEOPLE® We invest in people Gold

We were awarded **GOLD** again by the Investors in People award. There are nine indicators which make up the award and we

largely scored advanced and high performing. We are pleased with the progress we have made recently in developing leadership capability and recognising high performance. We will continue to work on recognising and rewarding people as part of the standard.

FAIR PAY AND REWARD

Since our pay and reward principles were agreed in 2019, we have been working to ensure our colleagues are paid fairly in line with local competitive market salaries. From the benchmarking we completed, we identified priority areas and have been investing in addressing these areas with increased salaries and a salary structure for colleagues on skills-based pay.

Linked with our fair pay principles, we received feedback that colleagues would like to understand their salary against their benchmark salary. In response to this request, we introduced five salary banding levels and the salary band is confirmed on the letter issued to all colleagues following the annual

salary review process. To expand this further, we will also confirm the grade as not all colleagues are aware of their individual grade.

We completed a further salary benchmarking activity in 2022 and this updated data will be used in the 2023 salary review process. We have also completed a benefit benchmarking activity which has resulted in a new provider for private medical insurance, which all colleagues have access to, with an associated app to a virtual GP, gym discounts and other benefits to colleagues for a healthier lifestyle. 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 Team are also eligible to participate in the Sales Bonus.

Due to the unprecedented cost of living situation we are currently experiencing, a one-off cost of living payment was paid to colleagues in August 2022 to assist them in these difficult times.



DATA CAPTURE AND REPORTING

Our global HR information system has been fully deployed across the group and we are now able to capture our people data, we continue to encourage our colleagues in “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 and inclusion reporting in 2023.

We will be publishing our third Employee, Environment, Social & Governance report in Q2 2023.

Our results for 2022 are very encouraging and we know that we can continue to do more from a diversity and inclusive perspective. At Scott Bader we have always recruited and promoted the right people for the right jobs based on personal merit and regardless of gender or any other personal characteristic and we will continue to do so in the future.

We conducted a colleague’s survey in 2021 using Best Companies and we are proud to report that we received a Best Companies ‘One to Watch’ status meaning we have good levels of colleague engagement and show promising signs for the future. This is a great result and starting point from which, we can develop, grow, and improve on colleague engagement. We will be conducting a further colleague survey with Best Companies in Q3 2023 and hope to see the impact of the improvement plans we have been implementing on our results.

Our focus on recruiting from a wider possible talent pool and are taking measures to attract diverse candidates continues as we advertise vacancies internally to drive a greater gender balance in our management and senior positions. Our Learning and Development programmes focus on new talent management and succession planning from the

competency framework training 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.



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Issue 3 - July 2023



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