

GENDER PAY GAP REPORT UK 2023



INTRODUCTION

At Scott Bader, our mission is to build an inclusive work environment through our diverse communities across the world. We have a strong heritage based on values of fairness for over a century and we aim to attract, develop, retain, and inspire our colleagues to unleash their potential to allow us to perform at our very best and to create an inclusive culture in which everyone feels they have an equal opportunity to participate and feel that they belong.

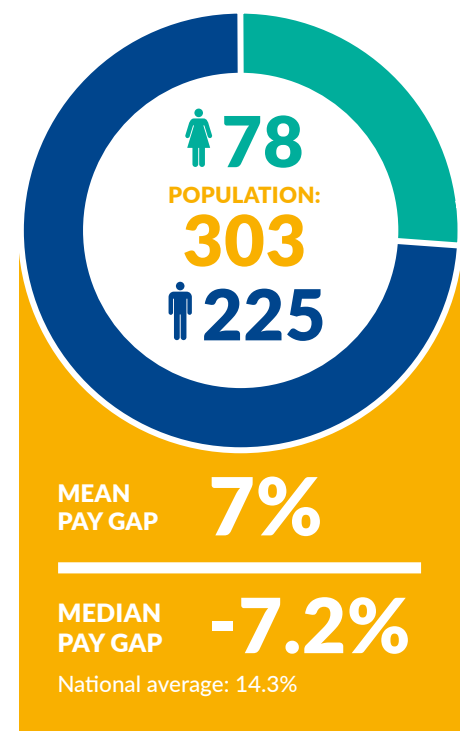
Gender pay gap reporting in the UK is now in its seventh year and it requires companies who employ 250 or more people to publish statutory calculations every year showing the difference between the mean earnings between men and women. Reporting annually is an important way to measure how recruitment,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

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 which requires it to report their own gender pay report, overall, the organisation employs 303 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. This is a combined report covering the 2023-2024 reporting cycle, using a snapshot as all legal entities as of 5th April 2023.

The gender pay gap results for April 2023 indicate a positive median pay differential for women for the second year. We are committed to continue to focus on creating 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.



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 hourly earnings of men and women across the organisation according to two methods of calculation. 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 results are typically driven by the relative distribution of men and women across the pay scales as well as their relative salaries within the same band.

THE CALCULATIONS

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

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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 is the difference between the midpoints of hourly pay of all men and women. It considers all women standing in a row in order of lowest hourly pay to highest and the same for men. The gap is the difference in pay between the female and male in the middle of their lines.

At Scott Bader we support gender pay reporting and 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 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

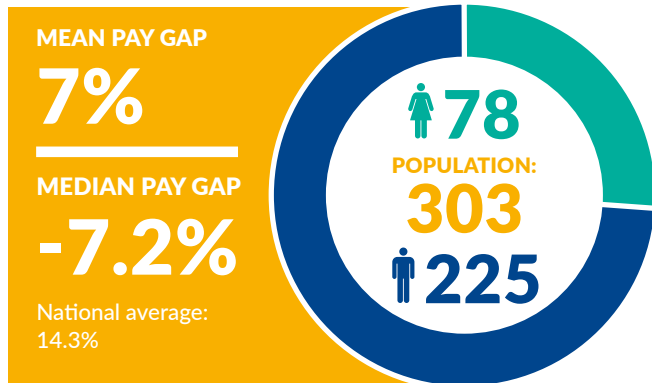
Proportion of men and women who received bonus pay

6. QUARTILE PAY BANDS

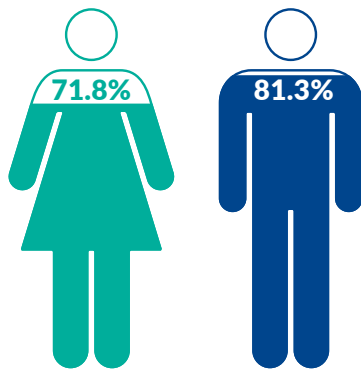
Proportion of men and women in each of four pay quartiles

OUR RESULTS

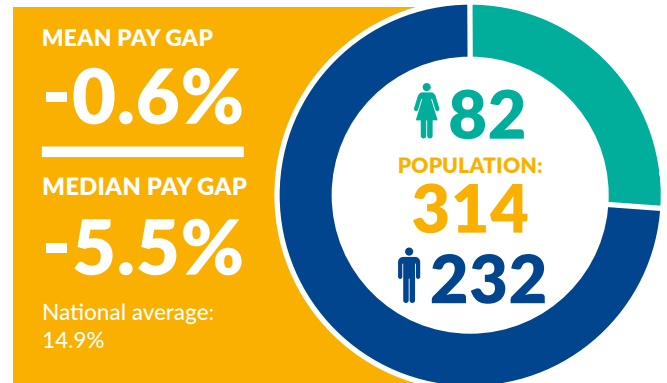
SCOTT BADER UK PAY GAP 2023



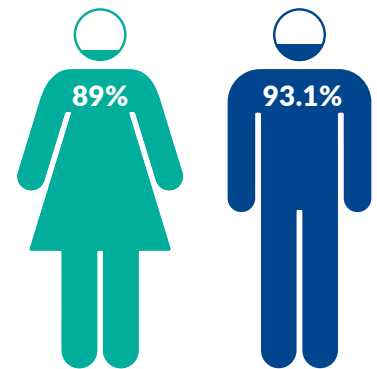
PROPORTION IN RECEIPT OF A BONUS 2023



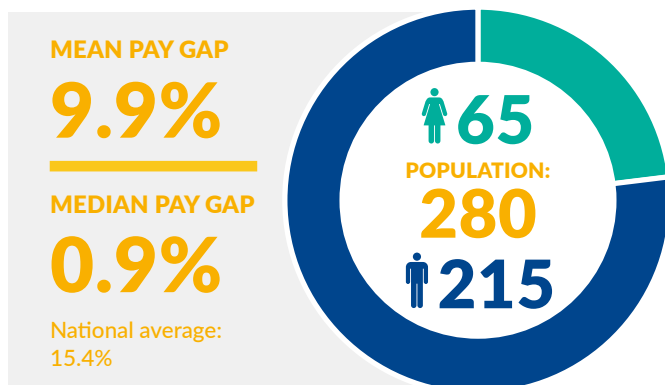
SCOTT BADER UK PAY GAP 2022



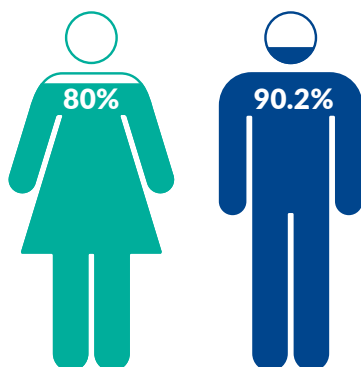
PROPORTION IN RECEIPT OF A BONUS 2022



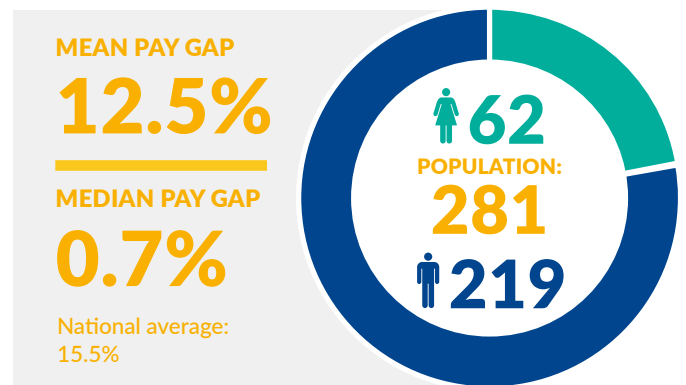
SCOTT BADER UK PAY GAP 2021



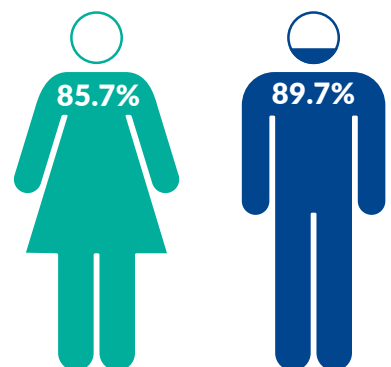
PROPORTION IN RECEIPT OF A BONUS 2021



SCOTT BADER UK PAY GAP 2020



PROPORTION IN RECEIPT OF A BONUS 2020



OUR RESULTS



**BONUS GAP
2023**

MEAN BONUS GAP

22.7%

MEDIAN BONUS GAP

0.00%

**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

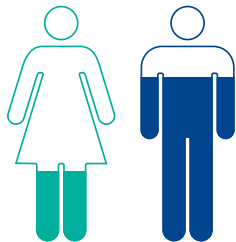
29.7%

MEDIAN BONUS GAP

13.8%

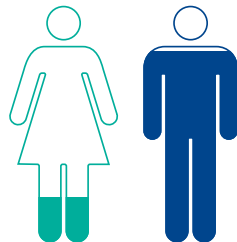
**PAY
QUARTILES
2023**

UPPER



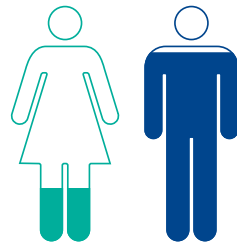
29.7% 70.3%

UPPER MIDDLE



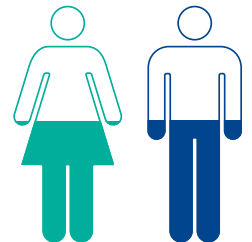
18.3% 81.7%

LOWER MIDDLE



21.4% 78.6%

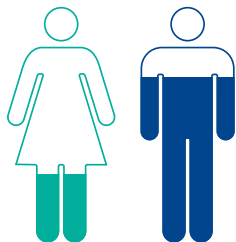
LOWER



50% 50%

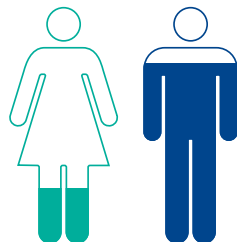
**PAY
QUARTILES
2022**

UPPER



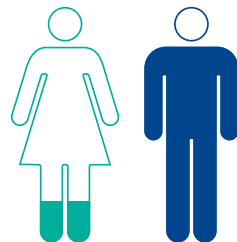
29.2% 70.8%

UPPER MIDDLE



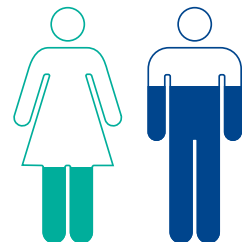
23.6% 76.4%

LOWER MIDDLE



16.9% 83.1%

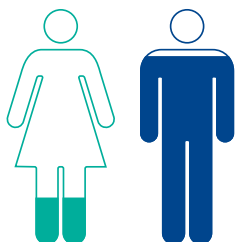
LOWER



33.3% 66.7%

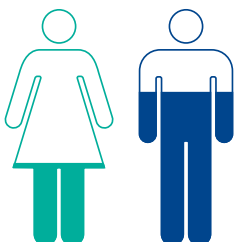
**PAY
QUARTILES
2021**

UPPER



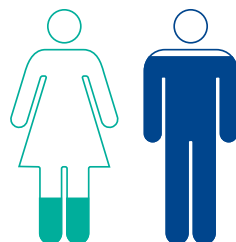
20% 80%

UPPER MIDDLE



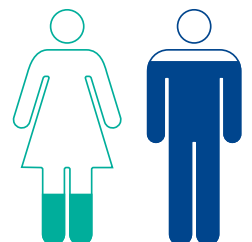
35% 65%

LOWER MIDDLE



20% 80%

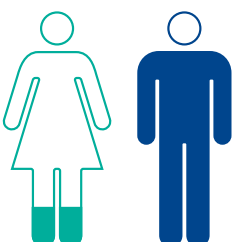
LOWER



22% 78%

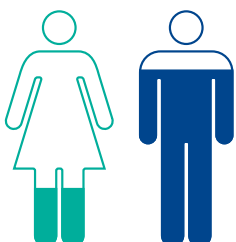
**PAY
QUARTILES
2020**

UPPER



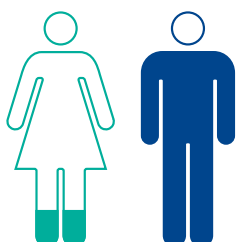
17% 83%

UPPER MIDDLE



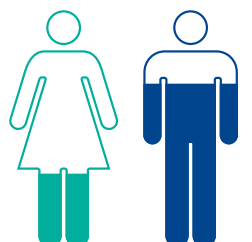
25% 75%

LOWER MIDDLE



15% 85%

LOWER



31% 69%

UNDERSTANDING OUR RESULTS

Our median gender pay gap of -7.2% compares to the national median showing women earn 14.3% less than men as estimated by the Office for National Statistics (ONS) for 2023.

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. Although we have a negative gender pay gap, we will continue to identify and 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. This achievement has recently been recognised with the company achieving the ISO 30415:2021 Human Resource management Diversity and Inclusion certification in December 2023. This global standard is a prestigious recognition that highlights our dedication to fostering a diverse workforce, embracing different perspectives, and promoting equity and equality. This new certification not only validates our efforts but also sets us apart as a leader in the industry.

As reported in our previous gender pay reports, we need to consider that as is common with the manufacturing and chemical industry, we have a predominantly male workforce, which account for 74.26% of the total workforce. We employ 303 colleagues across the three Scott Bader legal entities, 95.36% of whom work full time. Our female colleagues represent 3.31% of our part time colleagues.

We have continued to see an increase in female representation from 24.08% in 2020 to 27.46% in April 2023 due to our increased activity in talent acquisition and succession planning.

Our mean and median bonus gaps are 22.7% and 0% 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. 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 where the PPP is normally paid in April each and the GSB in June. Any new starters from 1st January 2023 would not have been eligible to receive a payment for the 2022 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 0.66% of females receiving the sales bonus in 2023. Our operational team is 64.44% 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 66.67% 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 that our actions to address the gender pay gap have been successful and we will continue to ensure that colleagues in similar roles are paid equitably for the same or equivalent work.

Scott Bader will continue to be 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 will continue working on initiatives which have a positive impact on our Diversity and Inclusion as well as address gender pay gaps.

UNLEASHING COLLEAGUE POTENTIAL

In December 2023 we became one of the first chemical manufacturing companies to achieve the ISO 30415:2021 Human Resource management Diversity and inclusion standard. The ISO certificate highlights our dedication to fostering a diverse workforce, embracing different perspectives, and promoting equality. We achieved this certification by embedding inclusivity into our daily practices and employee life cycle from recruitment, onboarding through to exiting the business. Each of our colleagues were set an inclusion performance goal, we reviewed our policies to address inequalities in organisational systems, trained

all colleagues on diversity, trained our governance bodies and senior leaders on diversity, inclusion, and psychological safety.

We ran our second Rise – Diversity in Leadership Programme. This programme aims to unlock the potential of participants; to accelerate their performance and career development. The main objective is to grow future leaders and fulfil our organisational goal of increasing the diversity in leadership at Scott Bader. The group learnt about growing their leadership, identify, resilience and wellbeing as well as building powerful relationships and having influence and impact. The training was well received by everyone and will result in boosting their skills alongside the coaching and sponsorship they have been receiving. The group are now going to put their learning into practice by getting involved in cross departmental projects to raise their profile and gain experience.

We conduct a regular colleague survey and from our results in 2023, we achieved a 7% positive increase to the question – I feel that my organisation takes Diversity and Inclusion seriously (Best Companies survey 2023). We are pleased to have been awarded the 'One to Watch' accreditation again which



shows we have good levels of engagement. We saw an increase in engagement scores for some individual sites and departments and will be recognising the ones who reached one (good) and two-star (outstanding) accreditation levels. These results are positive, but we will continue on working on our improvement action plans which will enable us to develop, grow and improve on colleague engagement.

We are committed to building a culture of continuous learning in the workplace. We want colleagues to "be the best they can be" which will enable the organisation to achieve its strategic aims. As we continued adopting a blended approach to learning through experience, people, and education we saw 92% colleagues participated in learning events, mentoring relationships continue and an increase in colleagues voluntarily assessing our digital learning content.

OUR FUTURE

Our talent reviews and succession planning practices continued with many roles being filled internally we saw our internal mobility score increase to 13%. We continued our partnership with Better Up coaching, enabling more senior leaders and key talent access to 1:1 coaching. We saw a positive increase across four key performance indicators.

Team Cohesion

UP 8%

Growth Mindset

UP 15%

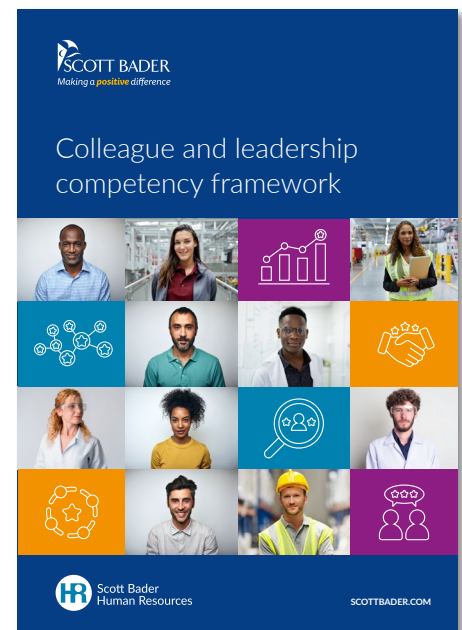
Belonging Index

UP 8%

Team Agility

UP 8%

The work carried out in 2021 to launch our leadership competency framework continued in 2023 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.



FAIR PAY AND REWARD

Since our pay and reward principles were agreed in 2019, we continue working to ensure our colleagues are paid fairly in line with local competitive market salaries. Salary benchmarking has taken place twice in 2019 and 2022. From the benchmarking 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. We also focused on ensuring that that colleagues who are not at the local competitive market salaries are also identified and paid in line with our pay principles.

Linked with our fair pay principles and in response of feedback from colleagues we continue to operate five salary banding levels and the salary band is confirmed on the letter issued to all colleagues following the annual salary review process. We expanded this to also confirm the grade as not all colleagues are aware of their individual grade.

Private medical insurance is a benefit which is offered to all UK colleagues and the change of provider introduced increased accessibility via an associated app gives access to a virtual GP,

gym discounts, discounts on grocery shopping cards and other activities as well as promoting a healthier lifestyle.

To assist colleagues with the continued pressures of cost of living, we launched a discount card, paid by way of salary sacrifice which gives colleagues various discounts on restaurants, cinema, and coffee shops. We also paid a one-off cost of living payment to colleagues in August 2022 and August 2023 to assist colleagues in these difficult times.

DATA CAPTURE AND REPORTING

Our global HR information system has been fully deployed across the group and we are now implementing a global payroll solution which is integrated to our HR information system. This will allow us to continue to capture our people data, but also have a robust payroll process across all the countries we operate in.

We will be publishing our fourth Employee, Environment, Social & Governance report in Q3 2024.

Our gender pay gap results for 2023 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.

Our focus on recruiting from a wider talent pool and attracting diverse candidates continues. Our Learning and Development programmes focuses on developing new talent and our approach to talent management is identifying future leaders to ensure 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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INVESTORS IN PEOPLE®
We invest in people Gold

Issue 4 - August 2024

