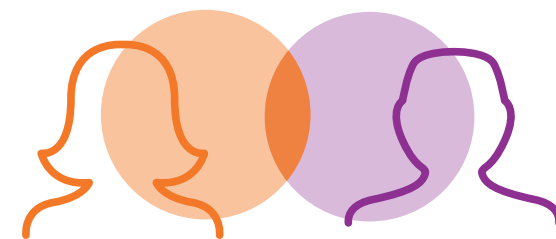


# Our UK Gender Pay Report

March 2018



# Our approach to inclusivity



## Embracing diversity in our business

We are an international business with most of our employees located in Africa and Asia. Our organisation has always recognised and embraced the differences in our people. It is those differences that create diverse teams who develop a wide range of brands for different types of consumers around the world – not only in the UK, Europe and North America, but also in emerging markets in Africa and Asia.

PZ Cussons has a culture that values the contributions of both men and women, and globally, we have over 30% women in our senior leadership team. We are also one of a small number of FTSE 250 businesses with over 30% women on our Board of Directors. Encouraging career development for all talented people in our business, regardless of gender or background, is an important element of our talent agenda.

## Attracting and retaining the best talent

We are committed to attracting and retaining the best talent to the business, and ensuring that gender and other elements of a candidate's background are not a factor in our decisions. We reward our employees for the roles they hold, how those roles are positioned for pay in the marketplace where they are located, their performance in role, and how they apply their experience and expertise. Our reward philosophy is applied consistently throughout our business.

## Female talent

Our UK personal care business is only a small part of our international business, and in most of our business, the percentage of women and men is very balanced. In our UK business, our data shows that men make up a higher proportion of the workforce, largely because we have a factory located here, and that explains many of the differences in this report.

Increasing the number of women in our business at all levels and in all functions continues to be a focus. We also have several initiatives in place to continue to develop women to assume senior roles.

We are proud of our diverse international workforce, and we will continue to diversify our UK workforce to reflect our consumer base.

## Alex Kanellis

Chief Executive Officer

## Cathy Doyle-Heffernan

Global HR Director

## Caroline Silver

Non-Executive Chair



# Our UK Gender Pay Report explained



## What is Gender Pay reporting?

Gender pay gap reporting became a statutory requirement in the UK from April 2017. Any company that has a legal entity employing 250 or more people in the UK must complete and publish six calculations to examine pay and bonus awards for women and men to see if there is a difference. Our UK personal care business meets this requirement, and the results of these calculations for that business are shown in this report.

## How does Gender Pay Gap reporting differ from Equal Pay?

Equal Pay is about a man and a woman receiving equal pay for the same or similar job, and where each has a similar level of experience, expertise, and performance. Our reward philosophy has always supported the principle of equal pay for equivalent roles, and we continually review our reward framework to ensure consistency.

## What does our data tell us?

There is a wide range of roles in our UK personal care business and many of these are unique with only a single incumbent (male or female), and our employees also have varying levels of experience and contribution across this population. Despite these factors, the differences in pay and bonus are small, and can be explained mainly by the fact that we have a higher proportion of men in supply chain roles and also by the fact that we have a few more men in senior roles with responsibility for more than just the UK business. Where the differences across roles and functions are meaningful, we have current and future initiatives to close the gap. The proportion of women and men receiving a bonus is similar as the eligibility criteria is the same, and where we have women and men in the same role and function, the basis of the bonus would be comparable.

## What are we doing?

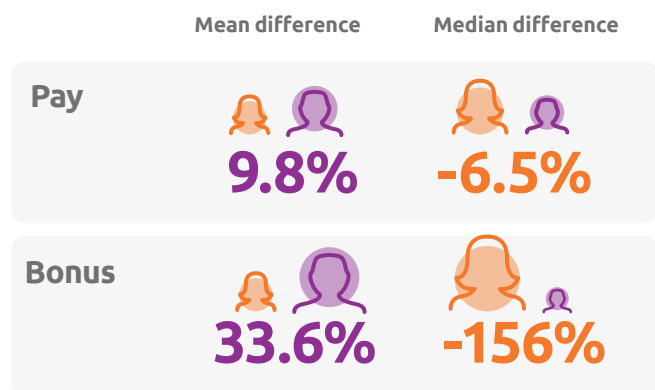
Since the start of calendar year 2017, 60% of our new starters across all job openings in the UK were female. We have low employee attrition in our factory, and when there are openings, it is challenging to ensure we have a mix of male and female candidates. In order to tackle this challenge, we are working with suppliers to ensure we widen our search parameters. Additionally, we have active programmes that place interns and apprentices into our supply chain operations. We are in our third year of a partnership with Huddersfield University to place women into BSc programmes in logistics and supply chain management. Additionally, we utilise the UK Apprenticeship Levy to support female apprentices in supply chain, operations, and business roles.

In 2016, we launched our global leadership programme, called the PZ Way of Leading. To date, more than 50% of the UK attendees have been women, and we are currently piloting an emerging leader programme in the UK which will have a similar mix of men and women. These programmes help prepare both men and women for leadership roles, and include personal mentoring and support to ensure they succeed.

# Insight into our data



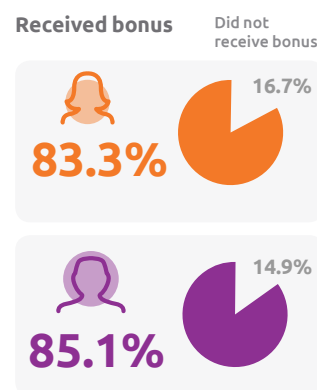
## Gender pay and bonus difference between men and women



Relevant pay period: 05 April 2017

Relevant bonus period: 06 April 2016 – 05 April 2017

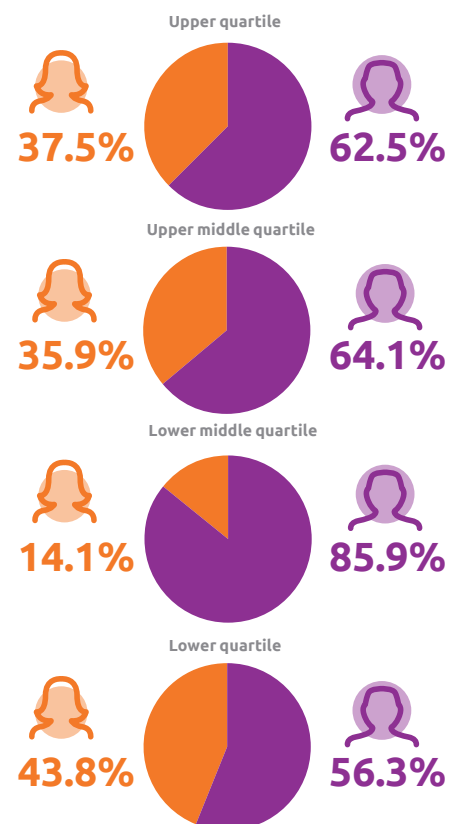
## Proportion of males and females receiving a bonus payment



Relevant bonus period:

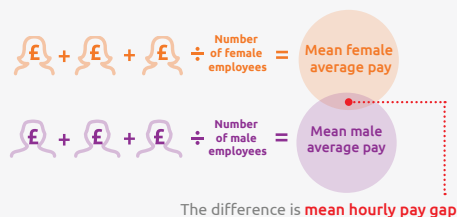
06 April 2016 – 05 April 2017

## Proportion of males and females in each pay quartile

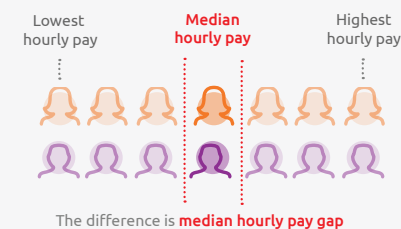


Relevant pay period: 05 April 2017

### How we calculate mean difference



### How we calculate median difference



## Understanding the figures

### Mean difference explained

To perform a mean difference calculation for our employees in the UK business we add all of the payments for women together and divide the sum of these by the total number of women, and do this same calculation for men. We then divide the difference between these two figures by the male figure and multiply by 100.

The output of the mean calculations for pay and bonus show that the average for men is 9.8% and 33.6% more than the average for women respectively. This is because our supply chain function has disproportionately more men than women, and we have a few more men than women in senior roles with responsibility for more than just the UK business.

### Median difference explained

To perform a median difference calculation for our employees in the UK business we order all of the payments for women from highest to lowest and select the payment at the middle of the group, and do the same for men. We then divide the difference between these two figures by the male figure and multiply by 100.

The output of the median calculations show that median pay and median bonus for women are both higher than for men by 6.5% and 156% respectively. In these calculations we are comparing a lower paid male to a higher paid female from two different functions, so the required calculation does not provide a good comparison. Where we have males and females performing similar roles in the same function and unit, the basis of their pay and bonus would be comparable.

### Bonus receivers explained

This calculation helps us to determine what percentage of women and men received a bonus. Although the data shows a small difference, this difference is explained by eligibility dates. If we exclude employees who were not eligible to receive a bonus as they had only recently joined, our figures change to 98.7% of women and 96.1% of men receiving a bonus.

### Hourly pay quartile explained

The hourly pay quartiles analysis combines our women and men from our UK business and places them in order of pay from highest to lowest. This helps us to determine the proportion of men and women in each quartile, and identify the areas to focus on.



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