



EDRINGTON

**Gender Pay Gap**  
Report **2021**



Our aim is to cultivate an inclusive environment that celebrates diversity of thinking - one where all our people feel they are welcomed, valued, able to make meaningful contributions and be their full authentic self.

We are now in our fifth year of reporting the Edrington gender pay gap, which focuses on the differences in pay and bonus between women and men working in our UK businesses. In this report, we look at the progress we have made on our actions as we continue to narrow the gap and also confirm the 2021 gender pay results.

Over this time we have seen a continued reduction in both the mean and median gender pay gap, with our 2021 mean gender pay gap of 12.9% which represents a decrease of 2.3% points (2020: 15.2%) and the median pay gap of 9.7% a further decrease of 4.2% points (2020: 13.9%).

The 2021 results are explained in detail later in the report.

#### **Sustained progress to narrow the gap**

We continue to focus and report our progress against our programme of actions, which, after five years,

are having a positive impact on narrowing the pay gap and supporting a diverse and inclusive working environment at Edrington.

#### **Attract and recruit more female candidates**

Our recruitment strategy is to attract greater numbers of female candidates without sacrificing our belief in appointing the best candidate for the role. Our target is to have a minimum of 50% female candidates at interview stage for all permanent roles. Over 2021, women represent around 45% of individuals at interview stage, a significant improvement on the prior year where 33% of interview candidates were women. This is great progress, but short of our target, so we will continue to track and challenge to ensure we attract and recruit a greater diversity of talent.

#### **Strengthen our pipeline of future leaders**

We continue to focus on our talent pipeline and development of future leaders through our leadership programmes as well as secondments and stretch

opportunities. We committed to 33% female representation in our senior leadership team (defined as grade 19+) by 2022 (we targeted 29% in 2020, 31% in 2021, 33% in 2022). We have achieved that target a year ahead of our plan, incrementally increasing female representation at grade 19 and above from 27% in 2019 to the current level of 34.5% in 2021.

#### **More support for parents**

We took the progressive step and introduced our Modern Family Leave (MFL) policy globally in 2020, enabling all new parents to take 26 weeks' fully paid leave. Since its implementation and to date, we have had over 120 instances of MFL globally. As we hoped, this inclusive policy has challenged the norm with over 60% of MFL instances taken by men, with men in the UK taking on average 16.5 weeks MFL (who were previously entitled to 2 weeks' fully paid paternity leave). This meets our key policy objectives to support new parents regardless of gender, as well as creating new career and secondment opportunities for others.



#### **Flexibility at work**

During 2021 we were pleased to launch our new ways of working policy. This is a global approach to how we all work, regardless of company location and confirms the company's commitment to creating a diverse and inclusive working environment. The policy has introduced the option for employees to work 50% of their time remotely. Taking this devolved approach ensures everyone can continue to connect and build relationships in person by coming into the office and choose how they best structure working time to suit their individual needs. We know this blended way of working promotes diversity and improves employee satisfaction overall.

#### **Forge partnerships for business change**

We are proud to announce the introduction and launch of our Diversity, Equity and Inclusion (DE&I) strategy, importantly championed by the newly appointed DE&I lead.

Under their leadership, our strategy to bring change and accelerate DE&I progress across our business focuses on three areas: culture and engagement, education and awareness and impactful intervention. This includes the work of the Balance Network, which has the specific objective of promoting gender balance across our workforce regardless of level and function. Under the guidance of the DE&I lead, the group has also sharpened its programme of change to four key areas: communication, leadership and mentoring, inspiration and external engagement. External engagement is crucial if we want to truly change diversity and inclusion in the Scotch Whisky industry and is why we are committed to the Scotch Whisky Association (SWA) Diversity and Inclusion Charter. The charter reflects the vision that SWA members have - our company and industry want to be known for equal opportunities, fairness and the respect of difference across gender, ethnicity, disability, age and sexual orientation.

#### **Giving more to education to build great careers**

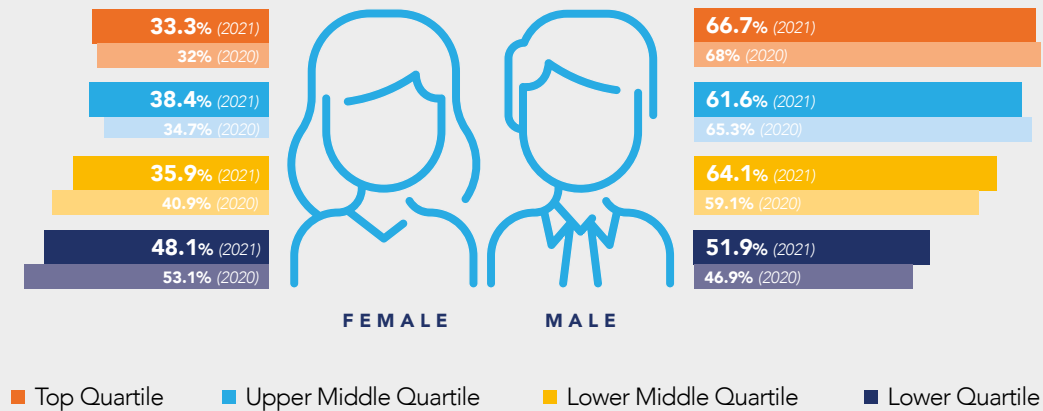
To maximise a diverse talent pipeline and remove barriers we continue to work with partners in the education sector as well as charities to develop mentoring opportunities, promote careers in STEM subjects, and provide internships, apprenticeships and graduate programmes.



## UNDERSTANDING THE PAY GAP

The reduction in the mean pay gap to 12.9% in 2021 (2020:15.2%) is a reflection of the increased number of women occupying senior leadership roles. Although, the continued gap reflects that we still have work to do to increase female representation in senior roles. Our median gender pay gap of 9.7% (versus ONS median of 15.4%) reflects the overall continued decrease in the proportion of women in the lower pay quartiles and an increase in the proportion of women in the upper pay quartiles.

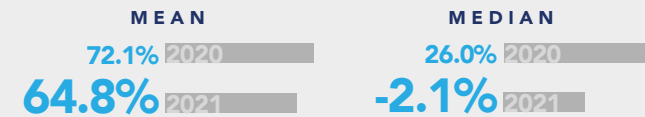
### Pay Quartiles Comparison



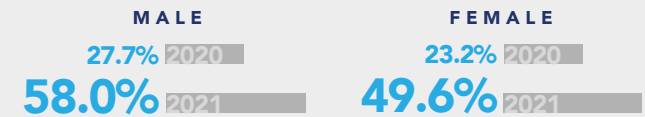
### Gender pay



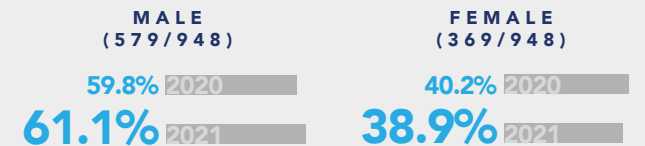
### Gender bonus



### % Receiving a bonus



### % of gender split in the business





## UNDERSTANDING THE PAY GAP

### Pay gap trends 2020 to 2021

From 2020 to 2021 the mean pay gap has reduced by 2.3% points, this is a consequence of:

- Increasing the number of women undertaking more senior roles (at grade 19 and above). The target to have 33% of women undertaking senior leadership roles has been achieved, a year ahead of plan.
- A reduction in the number of women undertaking the most junior roles, particularly in retail and hosting at The Macallan Estate. The median pay gap has also reduced by 4.2% points, as a consequence of a decrease in women in the two lowest pay quartiles undertaking more junior roles with an increase in the number of women undertaking first line manager, team leader and entry level professional roles.

### Five-year trend impacting base pay

If we step back and look at our five-year trend, the actions we have in place are having a positive impact year on year, resulting in the 2017 to 2021 pay gap decreasing on a like for like basis\*. The mean pay gap has narrowed by 16.9% points and the median by 3.6%.

Over this period the business has changed in size and structure:

- The headcount has increased by 12.8%, with the overall number of males decreasing from 62.8% in 2017 to 61.1% in 2021. The number of women has increased from 37.2% in 2017 to 38.9% in 2021. The increase in the proportion of women in our business is important, but more so is the change we can see in the types of roles women are undertaking, with the increasing number of women in our graded roles positively impacting the median pay gap.
- The potential successors to senior roles, has also seen an increase in the number of women from 2017 to 2021. This change has been significant, with the number of women in these roles increasing by 200% over the five years of reporting. Women are undertaking roles at this level specifically in technology, supply chain and distillation/production, finance and marketing. This coupled with the increase in women in senior leadership roles is positively impacting the mean pay gap.

\*in April 2017 a high proportion of our operational employees received a single compensation payment in recognition of a change to contract terms. This was reported in our 2017 figures, as required by the reporting rules.



## UNDERSTANDING THE PAY GAP

### Bonus pay gap 2020 to 2021

- The mean bonus gap has decreased by 7.3% to 64.8% in 2021. The mean bonus gap is primarily driven by senior leadership bonuses and in line with the increasing female representation in this population we would anticipate higher levels of bonus being paid to women and consequently the mean bonus gap should start to close further.

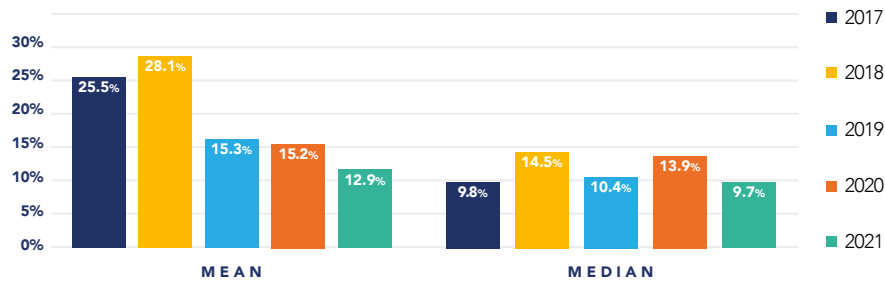
As with previous years:

- We have seen a swing in the median bonus gap, this year in favour of women. It has moved by 28.1% points, from 26% in 2020 to -2.1% in 2021.
- Edrington's longstanding all UK employee Share Reward scheme for employees with six months service is not fully reflected in the bonus figures. This is because bonuses awarded in the form of free shares are only included in the definition of "bonus" if the award gives an immediate rise to an employee liability of income tax, which the Edrington Share Reward scheme does not.
- The value of Share Reward is calculated based on a combination of salary and length of service, with the value of the Share Reward capped at £3,600 (in line with HMRC guidance for employers to award employees free shares each tax year), with any additional amount awarded as a taxable cash bonus.
- This taxable cash element of Share Reward is therefore included and reported as part of bonus pay. As a result there is a higher proportion of males receiving a relatively small cash share reward bonus, which reduces the male median bonus versus the female median bonus.
- We expect year on year fluctuations in the bonus gap figures, however we are pleased to see a trend of a narrowing of the mean bonus pay gap in line with our action to increase the proportion of women in leadership roles.

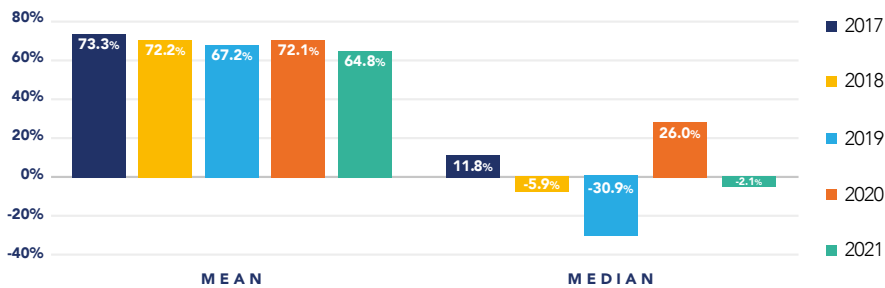


## UNDERSTANDING THE PAY GAP

Mean & Median Gender Pay Gap



Mean & Median Gender Bonus Gap



### What Progress have we made?

Five years into Gender Pay Gap reporting we see sustained progress in narrowing the gender pay gap.

When we compare the pay gap figures from April 2017 to date both the mean and the median pay has continued to close.

Additionally, the mean bonus gap shows a decreasing trend, which correlates with us exceeding our target of 33% of our leadership roles being held by women by 2022. We are pleased our actions are having an impact on narrowing the gap and we will focus on sustaining and building on this progress.

The median bonus pay gap continues to fluctuate. This reflects the operation of our Share Reward bonus scheme. The median bonus gap is largely subject to the number of taxable sales of share reward shares within the reporting year and so is influenced by individual share selling behaviour during the reporting year.

We are encouraged by the overall narrowing trend of the pay gap measures. We are confident our action plan is having the right impact and through continued focus we will continue to narrow the pay gap.



## MEASURING THE PAY GAP

The Gender Pay Gap regulation requires companies in Great Britain with more than 250 employees to report the difference in pay between men and women, publishing a breakdown of men and women in different pay quartiles and the proportion of men and women in the company who receive bonuses as part of their total reward.

The measurement is taken with reference to a snapshot date of the 5th April each year.

Edrington employs approximately 950 people in Great Britain through two businesses covered by the regulation: The Edrington Group Ltd (Edrington's holding company) and Edrington Group (Highland) Ltd (which owns the brands acquired through Highland Distillers in 1999).

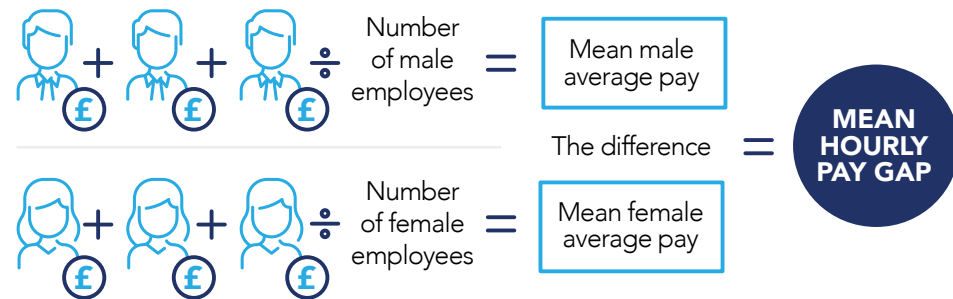
We know our employee demographic changes year on year and we will see fluctuations in our gender pay figures from one year to the next.

In May 2021 we announced that we reached an agreement to assume full ownership of Edrington-Beam Suntory, which was granted regulatory approval on 2 August 2021. The acquisition of this business, known as Edrington UK, means we will include a further c.210 employees in our 2022 Gender Pay report. We are excited to include Edrington UK in our diversity and inclusion journey, as we maintain our focus on long-term sustainable change designed to close the gender pay gap.

### What is the mean?

The mean is the average, it's calculated by adding all numbers in a set together and dividing by the total number of terms in the set.

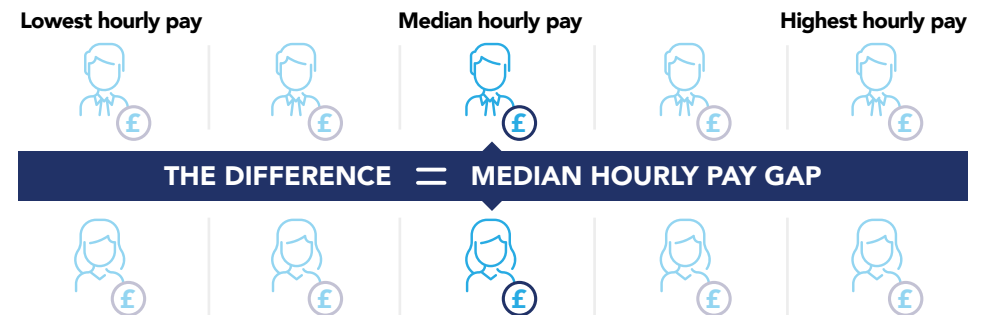
### How we calculate the mean difference



### What is the median?

The median is the middle term in a set of numbers, it's calculated by arranging the numbers in a set in order of magnitude and determining the middle value.

### How we calculate the median difference





## STATUTORY DISCLOSURES

### 2021

Gender Pay Mean  
**12.9%**

Gender Pay Median  
**9.7%**

Gender Bonus Mean  
**64.8%**

Gender Bonus Median  
**-2.1%**

% Receiving a Bonus (Male)  
**58%**

% Receiving a Bonus (Female)  
**49.6%**

% of Overall Males in the Business  
**61.1%**

% of Overall Females in the Business  
**38.9%**

Lower Quartile (Female / Male)  
**48.1% / 51.9%**

Lower Middle Quartile (Female / Male)  
**35.9% / 64.1%**

Upper Middle Quartile (Female / Male)  
**38.4% / 61.6%**

Top Quartile (Female / Male)  
**33.3% / 66.7%**

### 2020

Gender Pay Mean  
**15.2%**

Gender Pay Median  
**13.9%**

Gender Bonus Mean  
**72.1%**

Gender Bonus Median  
**26%**

% Receiving a Bonus (Male)  
**27.7%**

% Receiving a Bonus (Female)  
**23.2%**

% of Overall Males in the Business  
**59.8%**

% of Overall Females in the Business  
**40.2%**

Lower Quartile (Female / Male)  
**53.1% / 46.9%**

Lower Middle Quartile (Female / Male)  
**40.9% / 59.1%**

Upper Middle Quartile (Female / Male)  
**34.7% / 65.3%**

Top Quartile (Female / Male)  
**32% / 68%**

### 2019

Gender Pay Mean  
**15.3%**

Gender Pay Median  
**10.4%**

Gender Bonus Mean  
**63.2%**

Gender Bonus Median  
**2.5%**

% Receiving a Bonus (Male)  
**67.7%**

% Receiving a Bonus (Female)  
**52.5%**

% of Overall Males in the Business  
**62.6%**

% of Overall Females in the Business  
**37.4%**

Lower Quartile (Female / Male)  
**48.1% / 51.9%**

Lower Middle Quartile (Female / Male)  
**38.5% / 65.5%**

Upper Middle Quartile (Female / Male)  
**32.6% / 67.4%**

Top Quartile (Female / Male)  
**30.5% / 69.5%**

### 2018

Gender Pay Mean  
**28.1%**

Gender Pay Median  
**14.5%**

Gender Bonus Mean  
**72.2%**

Gender Bonus Median  
**-5.9%**

% Receiving a Bonus (Male)  
**51.9%**

% Receiving a Bonus (Female)  
**39.5%**

% of Overall Males in the Business  
**61.2%**

% of Overall Females in the Business  
**38.8%**

Lower Quartile (Female / Male)  
**56.7% / 43.3%**

Lower Middle Quartile (Female / Male)  
**33.5% / 65.6%**

Upper Middle Quartile (Female / Male)  
**34.8% / 65.2%**

Top Quartile (Female / Male)  
**30.4% / 69.9%**

### 2017

Gender Pay Mean  
**25.5%**

Gender Pay Median  
**9.8%**

Gender Bonus Mean  
**73.3%**

Gender Bonus Median  
**11.8%**

% Receiving a Bonus (Male)  
**35.2%**

% Receiving a Bonus (Female)  
**30.2%**

% of Overall Males in the Business  
**62.8%**

% of Overall Females in the Business  
**37.2%**

Lower Quartile (Female / Male)  
**45.9% / 54.1%**

Lower Middle Quartile (Female / Male)  
**61.7% / 38.3%**

Upper Middle Quartile (Female / Male)  
**36.4% / 63.6%**

Top Quartile (Female / Male)  
**28.2% / 71.8%**



EDRINGTON

*The*  
**MACALLAN**

  
**THE FAMOUS  
GROUSE**

**BRUGAL** 

  
**HIGHLAND  
PARK**

**THE  
GLENROTHES**  
ESTD 1879  
