



EDRINGTON

GENDER PAY GAP REPORT 2018





EDRINGTON

GREAT PEOPLE
LEADING BRANDS
GIVING MORE

Foreword

Great People, Leading Brands, Giving More characterises Edrington. We know that the best results for our business can only be achieved by a team of people from a diverse range of backgrounds, ethnicities and gender.

This belief has underpinned the international growth of Edrington. Our business is powered by 2,500 talented people worldwide employed in many overseas locations, embracing different nationalities. Edrington's employees reflect the diversity of people who enjoy our premium spirits around the world.

This, our second gender pay gap report, focuses on the differences in pay and bonus between women and men working in our UK businesses. It details the results one year on from our first gender pay gap report, explains the context and sets out our actions to narrow the gap.



Reminder - Measuring the pay gap

As we reported in 2017, the gender pay gap shows the difference in average pay between women and men. It does not measure equal pay, which relates to what women and men are paid for the same or similar jobs or work of equal value. We review our pay practices annually to ensure that we are an equal pay employer.

Calculating the numbers

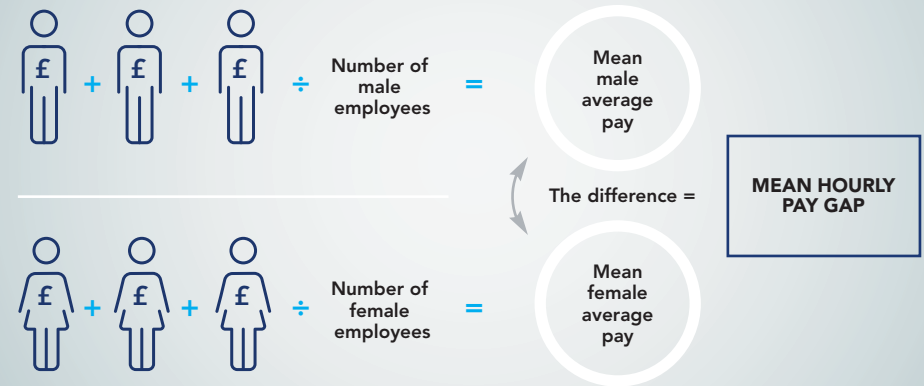
Under the UK Government's Gender Pay Gap regulation, companies need to report their gender pay gap for all legal entities in Great Britain with more than 250 employees.

The Edrington Group, known simply as Edrington, employs approximately 900 people across two legal entities in Great Britain covered by the regulations: The Edrington Group Ltd and Edrington Group (Highland) Ltd. Edrington Group (Highland) Ltd is a subsidiary that encompasses the brand businesses acquired by Edrington when it purchased Highland Distillers in 1999. This report shares the mean (average) and median pay gaps between men and women's hourly pay and bonus for 2018. It also shows the distribution of male and female pay across the company, by pay quartiles.

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.

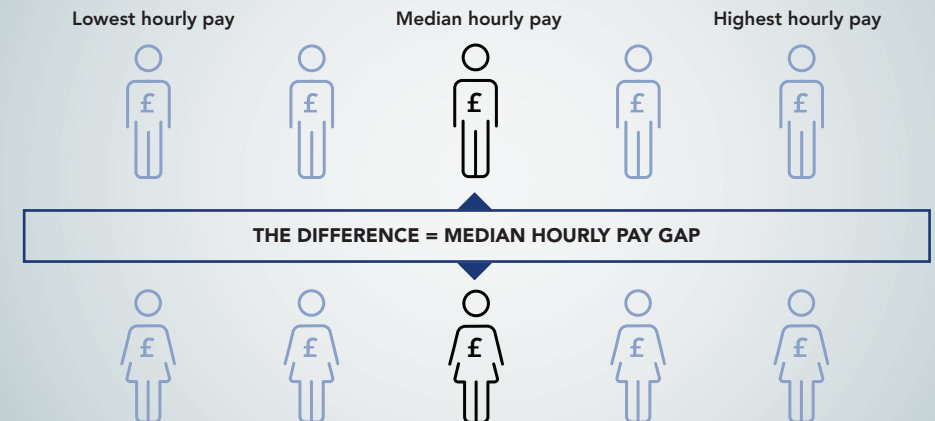
How we calculate the mean difference



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





Understanding the pay gap

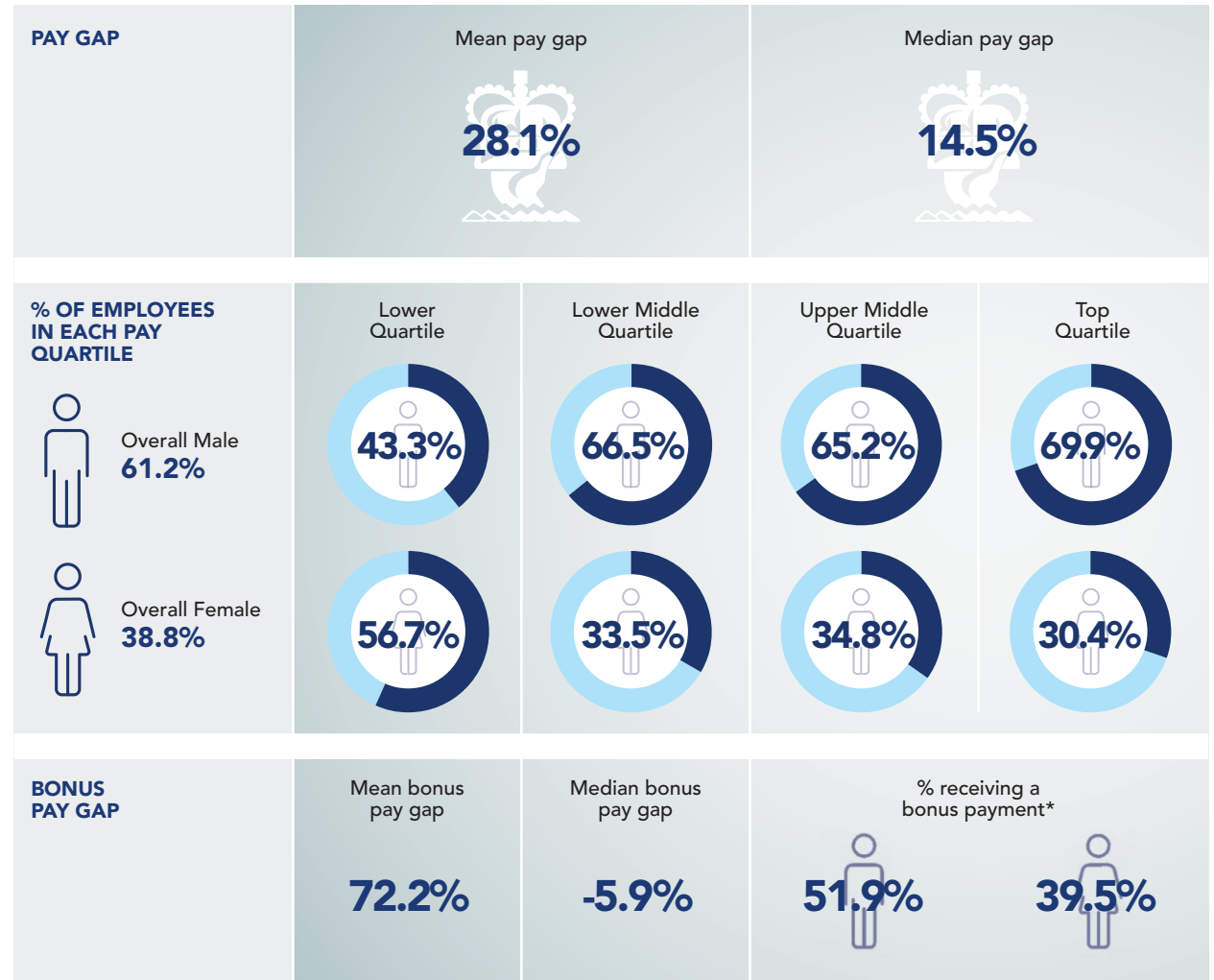
Across our business the mean gender pay gap for employees is 28.1%, +10.2 percentage points versus the Office of National Statistics (ONS) Great Britain mean of 17.9%.

Edrington's mean gender pay gap of 28.1% is primarily driven by a smaller proportion of women than men currently occupying senior leadership roles. Our median gender pay gap is 14.5%, a consequence of a higher representation of women in the lower pay quartile compared with less representation in the top three pay quartiles.

The mean bonus pay gap is 72.2%. This is strongly influenced by the greater proportion of men than women occupying senior leadership roles that include bonus pay.

The mean bonus pay gap does not reflect the company's longstanding Share Reward scheme, which is a universal bonus scheme for all employees with six months' service or more, as awards made under this scheme are not included in statutory definition of an annual bonus. Although this incentive is contingent upon Edrington achieving financial performance targets, it is not included as a "bonus" for the purpose of regulatory pay gap reporting.

The median bonus pay gap has reduced to -5.9%, in favour of females.





Understanding the pay gap (continued)

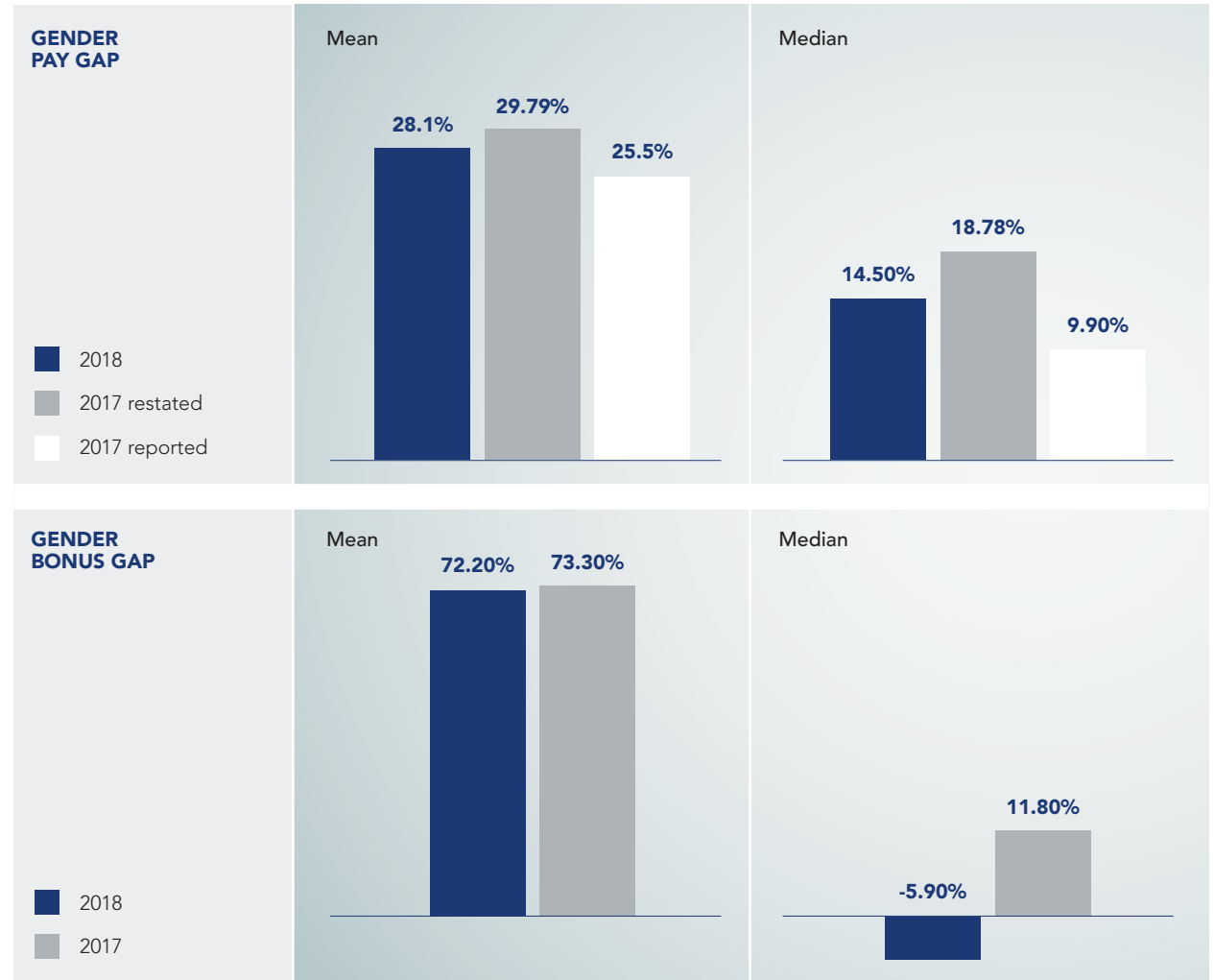
What progress have we made?

When we compare the 2018 mean and median gender pay gap on a like-for-like* basis, the gap in both mean and median pay differential has narrowed slightly.

We are making progress to attract, promote and develop woman at all levels to re-balance the number of females to males across the business. This includes an aim to have more females in senior roles.

Likewise, the 2018 mean and median gender bonus pay gap shows improvement on the previous year's position. Again, the mean figure is strongly influenced by the greater proportion of men than women occupying senior leadership roles that include bonus pay.

We expect to see fluctuations in our gender pay statistics year on year, as we can see from 2017 to 2018 the figures are influenced by a number of factors. Importantly, our actions to increase the number of females in senior management roles will see an improving trend as our gender pay gap narrows.



* 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 is required by the reporting rules. When the effect of this single payment is removed, we see a narrowing of the mean and median gender pay gap from 2017 to 2018.



Continuing to close the gap

Edrington have in place a series of improvement actions to narrow the pay gap.

Reflecting on these and their impact, we can see we are making progress. It will take continued focus to further narrow the pay gap. This is why we have expanded our 5 action areas this year.

01: **Recruitment to attract 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. To help achieve this for 2018 we have introduced a target of 50:50 gender balance candidate split at interview stage for all roles. Overall we are focused on building our employer brand in the market to help attract the best diverse talent.

02: **Strengthen our pipeline of future leaders**

We invest in all our employees, and are delighted to see more females developing through Edrington's leadership and emerging talent programmes. In addition we continue to focus

on our talent pipeline with graduate trainee and apprenticeship schemes. All of which support our aim of increasing the number of women classed as potential successors for senior leadership roles, defined as grade 20 and above.

03: **More support on returning from career breaks**

This year we have introduced additional support and training to help employees adapt to parenthood and the transition back to work. Maternity coaching sessions have been introduced at key stages, prior, during and returning from parental leave to help support senior women back into the business. In addition a new phased return to work policy will allow all returning parents a period of time where they can work a reduced number of hours while receiving full pay.

04: **Forge partnerships for change**

Leading on from 2017, we are building networks within and outside Edrington.

Internally we have established Edrington's 'Balance' network to create opportunities, representation, and visibility for women throughout the business. The network, led by men and women in the business is being expanded globally to include all locations, to run a suite of programmes including mentoring, inspiring events and seminars designed for women to thrive and grow in their careers. Externally, the company is a gold corporate member of the 'Women of the Vine and Spirits' international community. Engagement with such change partnerships are to promote the interests of women in the workplace, with a wider focus in our industry.

05: **Promote STEM skills that build great careers**

Edrington has taken an active role in helping to address the wider gender imbalance in our industry, and encourage more women and girls into STEM (science, technology, engineering and mathematics) subjects that lie at the core of our business. To help make this happen, this year, we have appointed three internal STEM ambassadors who will provide a dedicated focus to challenge the current status quo. In addition to this the company is a member of the Scotch Whisky Association steering group which encourages talent to see the opportunities across our industry, with a particular focus of encouraging females into the STEM subjects.



Summary

Edrington is proud of its work to build an inclusive and collaborative culture throughout our company and we will continue to work towards narrowing our gender pay gap. We acknowledge we need to maintain a focus on our actions and by delivering on them Edrington will continue to narrow the gender pay gap across the business.





EDRINGTON

The
MACALLAN


**THE FAMOUS
GROUSE**

BRUGAL 


**HIGHLAND
PARK**

**THE
GLENROTHES**
ESTD 1879