

## AkzoNobel 2020 Gender Pay Report

### Foreword from Ed Elliott, Interim UK, Ireland & Nordics Country Manager

AkzoNobel has a proud legacy of making the paints and coatings that colour and protect our homes, landmarks, vehicles, and more. We use our passion for paint to make a difference: our products touch almost every aspect of our daily lives. We fully recognise that maximising financial performance will only be possible by having a diverse workforce which fully reflects the markets in which we operate.

As with many large Manufacturing organisations, we have a historical gender imbalance which has built up over a number of years and will not be easily addressed – but we remain fully committed to building a culture in which everyone, irrespective of gender or race, has the same opportunities to build a long and mutually fulfilling career – whilst remaining flexible enough to enable as many possible lifestyle decisions to be incorporated into each employee's career with AkzoNobel.

### Approach Taken

Under the requirements specified by UK legislation, we are required to report on the legal entities within our Group which have over 250 'UK employees' (as defined in accordance with that legislation). The data provided in this report is based upon the snapshot date of 5 April 2019, and the 12-month reference period up to 5 April 2020 for the purpose of bonus analysis.

### Statutory Disclosure

There are three legal entities within the AkzoNobel Group of companies which have over 250 UK employees (as defined in the legislation). These entities are Imperial Chemical Industries Limited (trading as ICI Paints AkzoNobel) (**ICI**), International Paints Limited (**IPL**) and J.P. McDougall & Co. Limited (**JPM**), and the figures for their respective statutory reporting requirements are as follows:

### Mean Gender Pay Gap

ICI	3.38%	(2018 : 9.3%)
IPL	12.61%	(2018 : 16.3%)
JPM	1.23%	(2018 : 2.9%)

### Median Gender Pay Gap

ICI	-4.8%	(2018 : 0.5%)
IPL	10.1%	(2018 : 14.1%)
JPM	0.00%	(2018 : 7.0%)

### **Mean Gender Bonus Pay Gap**

ICI	31.4%	(2018 : 38.6%)
IPL	51.9%	(2018 : 43.1%)
JPM	16.1%	(2018 : 14.6%)

### **Median Gender Bonus Pay Gap**

ICI	19.8%	(2018 : 25.4%)
IPL	4.6%	(2018 : 63.2%)
JPM	20.8%	(2018 : 25.0%)

### **Proportion of employees receiving a bonus payment**

	Female	Male		Female	Male
ICI	100%	99.0%	2018	97.5%	96.8%
IPL	99.0%	98.0%	2018	16.6%	29.0%
JPM	90.0%	87.0%	2018	80.3%	75.9%

### **Proportion of employees within each pay quartile**

	Q1	Q1	Q2	Q2	Q3	Q3	Q4	Q4
	F	M	F	M	F	M	F	M
ICI	38%	62%	24%	76%	38%	62%	33%	67%
IPL	38%	62%	28%	72%	29%	71%	16%	84%
JPM	34%	66%	41%	59%	34%	66%	35%	65%

### **Gender Pay Gap – Hourly Rate and Bonus**

Across all 3 legal entities, there has been continued improvement in both the overall mean and median gender pay gap but the drivers of the reductions differ between each legal entity.

The primary driver of the reduction across both ICI and IPL has been structural changes to the core business model impacting senior employees, leading to a higher proportion of male employees leaving, whereas the reduction across JPM is primarily due to changes to the pay structures for employees based across the Dulux Decorators Centre Stores, with the bulk of employees receiving a fixed hourly pay rate.

Given the recruitment restrictions across AkzoNobel globally created by the global pandemic, there has been little opportunity to address the current imbalance at the more senior levels of the organisation. However, the issue has been highlighted at senior levels of the business, and there is a concerted effort to address the issue in the longer term through the promotion of more cross-functional moves and increased career development opportunities

Taking a holistic view of all 3 legal entities, the main structural issues identified previously remain a key driver of the gender imbalance across the 3 legal entities under review. These remain:

- A much higher historical proportion of men across both executive and senior management positions
- The link between increased bonus opportunity and increased seniority

Building upon the initiatives outlined in previous years, the following activities are now fully consolidated into normal business operations. There is real desire to ensure that all employees across AkzoNobel, irrespective of gender, have an equal opportunity to both develop in role and have opportunities to move into more senior roles

### **Women's Inspired Network**

The 'Women's Inspired Network' is a collaboration of employees globally across AkzoNobel that provides a platform for primarily women to celebrate their differences and increase their understanding of how personal & professional lives are made richer by embracing diversity. The Network is an enabler to empower, inspire and connect women in support of AkzoNobel's diversity & inclusion ambitions and it widens access to networking for all employees irrespective of gender.

The feedback from participants has been excellent, and group speakers have included members of the global AkzoNobel Executive Committee and the Creative Director for Dulux.

### **Mentorship scheme for women taking maternity and adoption leave**

The Mentorship Scheme, previously managed as a pilot scheme, has now been fully implemented at both the Decorative Paints Head Office (Slough) and the Marine, Protective & Yacht Head Office (Felling). It aims to provide support prior to, during and on return from maternity/adoption leave, to ensure that we give women every reason to come back to us and maintain their confidence levels and personal development.

AkzoNobel have facilitated a number of workshops so far, and has a panel of mentors who have a wide range of skills and personal experiences, with the aim of matching each participant with a mentor who has a similar background and has encountered similar challenges, both personally and professionally.

### **Structured / Unstructured flexible working**

Allowing all employees the ability to work flexibly in a professional and respectful manner has been identified as one of the key drivers to addressing the current gender pay gap, as it allows both men and women to continue to develop their career whilst respecting the non-work priorities which they also need to balance.

Following a successful implementation at our Felling site, flexible working awareness is being rolled out across all UK locations, and feedback from the business is that, whether driven through a formal or informal approach, the new initiative is viewed positively and aims to allow all employees to achieve a more balanced work-life balance without impacting business operations.

Outside of the formal / informal Schemes, local initiatives such as senior management 'leaving loudly' and being open and transparent about working flexibly have also helped to

drive a more open environment in which flexible working is viewed as driving benefits for both AkzoNobel and our employees.

### **Improvements to recruitment processes**

As outlined in previous years, we have made changes to our recruitment processes to ensure we attract a diverse population of candidates for all advertised roles. The key achievements are as follows:

- Whenever feasible, all internal and external recruitment advertisements state that flexible working will be considered
- All Hiring Managers have an intake call with the Talent Acquisition team to ensure that they are approaching each vacancy in a consistent manner, and without any form of gender specific bias
- All adverts are 'gender decoded' to ensure that the terminology used to attract candidates is gender-neutral and not inadvertently driving gender bias
- An active log is maintained of all senior managers recruited to allow an on-going review of gender split to be reviewed and to assess the effectiveness of the recruitment policies