

DIVERSITY PAY REPORT 2021-CHINA

OUR COMMITMENT

At Colart we are committed to creating a working environment that is inclusive and respectful such that we become a company where people want to stay and grow.

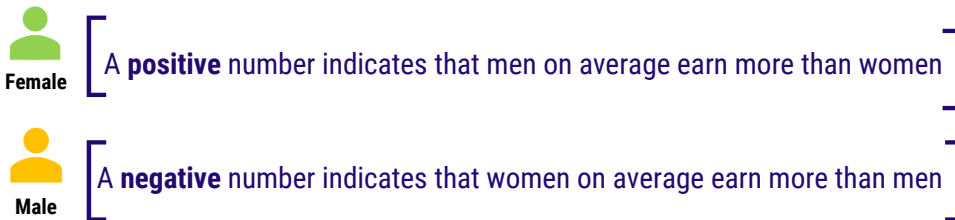
This commitment is applicable to everyone regardless of gender and we believe that transparency in gender pay gap analysis is a crucial step to taking insightful action for driving equality in our workplace.

"transparency in gender pay gap analysis is a crucial step to driving equality".

The analysis completed is based on salary analysis of everyone in Colart across all Group regions. This is the third year that we have completed such comprehensive analysis and we will repeat every year to track performance against the actions highlighted.

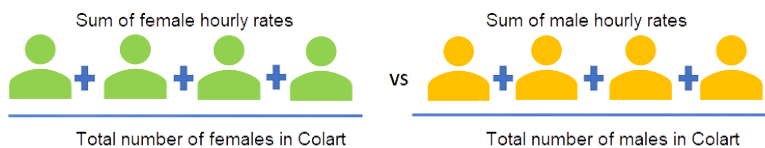
WHAT IS THE GENDER PAY GAP?

The Gender Pay Gap is the difference in hourly pay between men and women explained through various statistics and expressed as a percentage. It is influenced by a range of factors, including the demographics of the Colart Group. It is reported as a mean average and median average (mid-point) figure.



MEAN PAY GAP

The mean gender pay gap is the difference in the average hourly pay for women compared to men, within Colart regardless of what they do.



MEDIAN PAY GAP

A median pay gap is a calculation of the exact midpoint between the lowest and highest paid man in Colart Europe versus the equivalent women. In effect, if you separately lined up all the women in Colart in Europe and all the men, the median pay gap is the difference between the hourly pay rate for the middle woman compared to that of the middle male.



THE GENDER PAY GAP IS DIFFERENT FROM EQUAL PAY

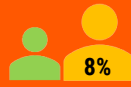
It is important to note that gender pay analysis is not the same as equal pay. 'Equal Pay' is about a man and a woman receiving equal pay for the same or similar job.

"gender pay analysis is not the same as equal pay".

We are confident in Colart that men and women are paid equally for doing equivalent jobs and we are committed to rectifying any anomalies that may exist. Our annual pay review process is such a mechanism for reviewing decisions that may lead to such an anomaly.

A MIXED PICTURE IN CHINA FOR PAY

The **mean** pay for males is **8%** higher than that of females compared to **13%** in 2020



The **median** pay for males is **8%** higher than that of females compared to **18%** gap in 2019.



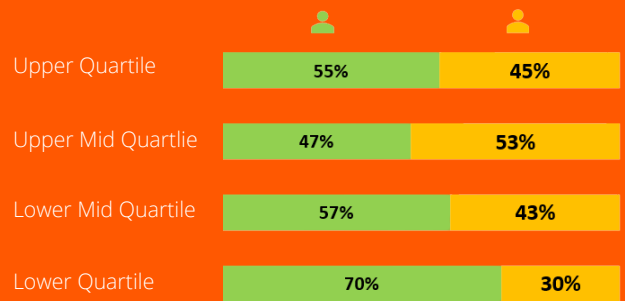
The mean figure represents the **average** across all our people in China and this figure reflects an increase in average salary of females.

The median figure represents the **midpoint** of our workforce in China and whilst there are improvements to be made the increase in females vs 2019 at the higher quartiles is helping to improve the gap.

CHINA POPULATION BY PAY QUANTILES

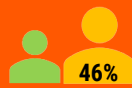
Quartiles are calculated by ranking the pay for each person from the highest to the lowest split into four equal sized groups, with the percentage of men and women in each quartile.

The population by quartile in China shows that whilst improvements are being made at the upper quartile, the high proportion of females at the lowest quartile impacts the gender split in the business.



PAYMENTS LINKED TO HIGHER BONUS IN UPPER QUANTILE DRIVES GENDER PAY GAP

Across China the **mean** bonus pay for males has increased to **46%** higher than that of females.



Across China the **median** bonus pay for males **30%** higher than that of females.

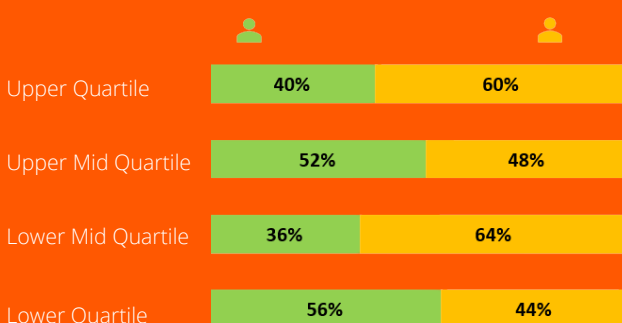


THE PICTURE ACROSS COLART

EUROPE

In Europe the mean pay for males is **14%** higher than that of females which is an improvement on 2020s figure.

The increase in female numbers at the higher levels has however helped to create equity in the median gender pay compared to **3%** in 2020.

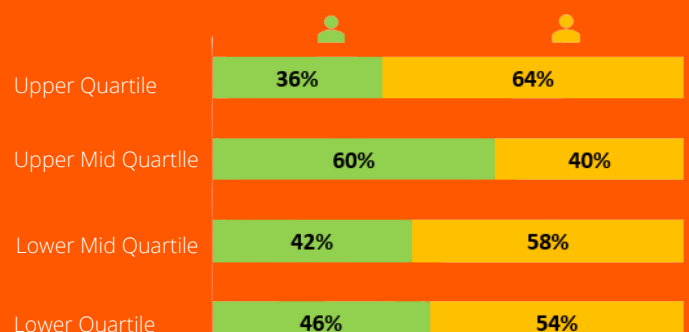


The population of females in both the upper mid and upper quartile has increased for Europe since 2019 leading to improvements in gender pay comparisons.

NORTH AMERICA

In NA the mean pay for males is **4%** higher than that of females which is an improved position on 2020's figure of **5%**

The increase in female numbers at the higher levels has also helped to build on the gender pay gap in favour of women - from **-6%** to **-10%**



The population of females in both the upper mid and upper quartile has increased for North America since 2020 leading to continued improvements in pay.

WHY GENDER PAY GAPS EXIST?

Colart is not alone with the gender pay gap and the vast majority of employers will have the same challenge.

This gap for most will not be the result of unequal pay but linked to a number of factors leading to the gender pay gap. Some factors originate outside of the workplace, such as stereotypical representations and expectations of men and women. Across employers in general, factors that are known to exist inside the workplace include:

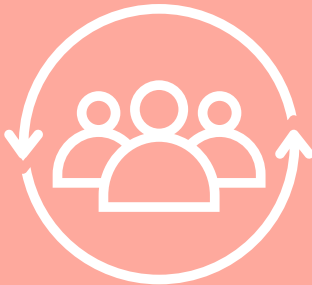
- Fewer women working in certain more highly-paid professions or areas of an organisation such as those involving science, technology, engineering and maths
- Unsupportive and rigid corporate cultures
- Unequal sharing of child care responsibilities contributes to a higher proportion of women taking part-time work, which is generally lower paid. Consequently, the gender pay gap widens, particularly for those employees over 40.
- Women generally making up just over a third of managers, directors and senior officials indicating they are less likely to progress to senior levels in an organisation,
- A lack of diverse senior female role models; mentoring and or sponsorship; networking opportunities;
- Constrained individual choice, unconscious bias and discrimination with particular assumptions about mothers not wanting, or not being in a position to accept, promotion.



WHAT ARE WE DOING ABOUT IT?

Colart is committed to creating a working environment that is inclusive and we see building a gender-balanced workforce as key to this. We believe that diversity is a cornerstones of our success, so we seek to create equity in benefits and opportunities across our workforce.

Looking at the results from this third global review, we are proud of the progress made but there is clearly more to do, and we see the creation of gender balance in our senior leadership as critical to removing the gender pay gap seen in bonus pay. The ongoing tracking our pay gap on a regular basis is of course fundamental to progress in addition to the following actions:



SENIOR LEVEL OWNERSHIP

We recognise only through ownership will we be able to drive change and improve both perception and reality of gender balance and we will:

- Encourage progression of women into all leadership levels
- Encourage the development of skills & experience of women in Colart to progress through the quartiles
- Transparently communicate to each person their total reward through detailed summaries
- Focus on elevating performance and increase understanding of how performance affects pay



DEVELOPMENT

We provide access to learning and development to all and focus on using mentoring to encourage confidence to progress and we will:

- Maintain our commitment to the Mentoring programme across the group
- Encourage women into mentoring partnerships to build leadership confidence
- Focus on younger and more junior women to encourage growth
- Communicate development



FLEXIBLE WORKING

We have an excellent record for supporting flexible working arrangements and our experiences during COVID reflect this commitment. We will ensure:

- Systems to support remote working
- Part time and flexible working patterns for people with dependants
- Renewal of LeadersPlus membership to support leadership development whilst on maternity leave
- An ongoing review our maternity & paternity arrangements by country



INCLUSION

We want to create a fully diverse talent pool and to achieve this we aim to embed diversity across Colart and to support this we will:

- Introduce Diversity, equity and inclusion councils to work with the company.
- Activate learning based on building awareness about unconscious bias
- Use initiatives to address the balance in roles where we have a poor ratio.
- Communication of salary in job adverts to avoid discrimination in recruitment

WE THANK YOU FOR YOUR CONTINUED SUPPORT

