



Pernod Ricard UK  
*Créateurs de convivialité*

# PERNOD RICARD UK ETHNICITY PAY GAP REPORT

1<sup>st</sup> January 2023



## **Table of Contents**

1. Introduction.....	2
2. Foreword .....	2
3. Ethnicity Pay Gap Findings - 2022.....	3
3.1. Ethnicity Pay Gap .....	3
3.2. Bonus Payments and Participation .....	4
3.3. Career Paths and Earnings.....	4
4. Year-on-Year Comparison .....	5
5. Our Strategy to Reduce our Ethnicity Pay Gap .....	6
6. Closing remarks.....	8

## 1. Introduction

While there is, as yet, no legal requirement for employers to report on the ethnicity pay gap, Pernod Ricard UK has decided to report our Ethnicity Pay metrics and narrative to support our commitment to go beyond compliance and be transparent with our employees.

Understanding the workforce demographics of our organisation is key to informing future priorities and action, and by analysing and publishing data on ethnicity pay gap it will help us pinpoint areas for improvement. Publishing this data is also important so that Pernod Ricard UK can continue to promote transparency, supporting important discussions on the challenges faced by ethnic minority communities within the workforce and in turn, continue to be an inclusive employer.

This report offers an assessment of our ethnicity pay gap as the gap between employees identifying as White (including White British and White Other) and employees identifying themselves as all other Ethnicities. For the purposes of this report, we have identified these as NON BAME (White) and BAME (other Ethnicities).

## 2. Foreword

As a global business we want our people to thrive and have the best experience working with us. We want to ensure our workforce is inclusive and diverse and our culture continues to be open and fair. We are passionate about being an inclusive organisation and seek to provide job opportunities for everyone regardless of gender, age, background, and ethnicity. We are committed to building an organisation that leverages individuals' unique talents so they feel a true sense of belonging and are satisfied they can reach their full potential at work.

We continue our journey towards a more inclusive and ethnically diverse organisation, building upon the action plan we established to improve our D&I programmes and activities already in place. In our second year of ethnicity pay gap reporting, we see positive trends in the form of a narrowing median ethnicity pay gap sitting at 20.91%, with a slight widening at the mean now sitting at 32.67%.

We know that meaningful and sustained change takes time and we continue our efforts to support the diversification of our workforce by providing access to training and development opportunities to our entire workforce to encourage and promote progression across the organisation. We enhanced our employer value proposition through a number of different initiatives to attract more diversity, which include the creation of our employee resource groups, 'United Networks'. Recognising our ethnicity pay gap is driven in part by having lower ethnic minority representation at senior grades, we are committed to creatively utilising different channels to source talent.

Our leadership team continues to strive towards making our organisation a fair and balanced workplace.

### 3. Ethnicity Pay Gap Findings - 2022

While ethnicity pay reporting remains voluntary, an increasing number of organisations like ours are voluntarily publishing their ethnicity pay metrics as part of their approach to help improve inclusion and tackle inequality in their workplace. To maximise the opportunities and minimise the challenges of ethnicity pay reporting, there are six pay metrics that mirror Gender Pay Gap reporting:

<b>Mean ethnicity pay gap</b> Difference between average hourly earnings of BAME and non-BAME employees	<b>Median ethnicity pay gap</b> Difference between median hourly earnings	<b>Ethnicity bonus gap</b> Proportion of BAME and non-BAME employees receiving bonus within 12-month period
<b>Mean ethnicity bonus gap</b> Difference between average bonus earnings	<b>Median ethnicity bonus gap</b> Difference between median bonus earnings	<b>Pay quartiles</b> Insight into career paths

#### 3.1. Ethnicity Pay Gap

As of 5<sup>th</sup> April 2022, our median ethnicity pay gap stood at 20.91% with our mean ethnicity pay gap sitting at 32.67%. This means that our NON BAME employees at Pernod Ricard UK are paid at a higher rate relative to their BAME ethnicity group co-workers at both the median and mean, which is more pronounced at the mean.

Mean Hourly Pay Differences		Median Hourly Pay Differences	
BAME Hourly Rate	£24.15	BAME Hourly Rate	£22.72
NON BAME Hourly Rate	£32.04	NON BAME Hourly Rate	£27.47
<b>Pay Gap</b>	<b>32.67%</b>	<b>Pay Gap</b>	<b>20.91%</b>

The underlying reason behind the mean gap is predominantly due to the higher representation of BAME employees in more junior roles in our organisation and higher representation of White ethnicity group peers in more senior leadership roles. We also know we have a lack of BAME representation in some of our more highly skilled roles, which is contributing to our pay gap, though we strive to source talent from ethnic minority groups when roles become vacant. 10% of our Executive roles and 5% of our management roles are currently being undertaken by BAME employees.

### 3.2. Bonus Payments and Participation

Our mean bonus gap currently stands at 82.12% favouring NON BAME ethnicity group, with our median bonus gap sitting at 27.45%, continuing to favour our NON BAME ethnicity group. We have a higher proportion of NON BAME employees receiving a bonus:

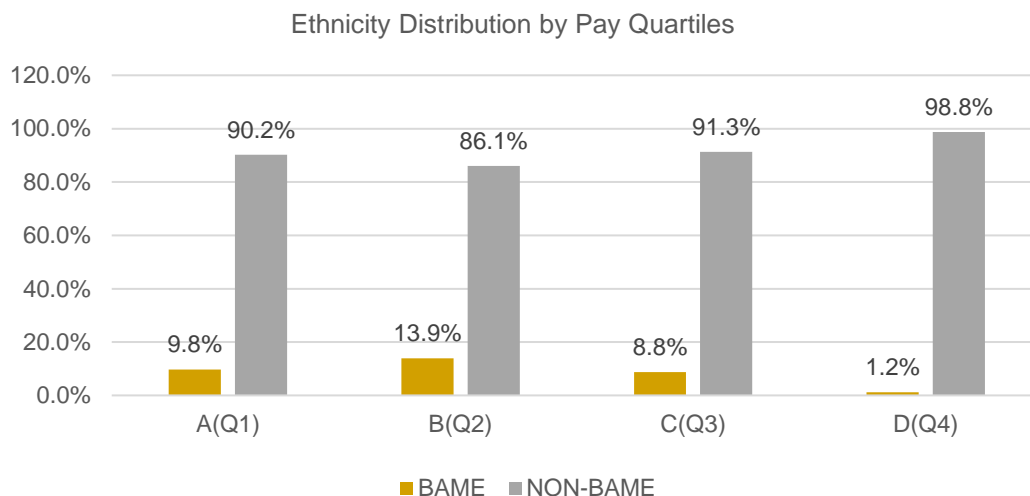
Ethnicity	Number receiving a bonus	% Bonus Distribution	Mean Bonus Pay Differences	Median Bonus Pay Differences
BAME	16	57%	£4,067	£3,787
NON BAME	221	73%	£7,407	£4,825
<b>Bonus Gap</b>			<b>82.12%</b>	<b>27.41%</b>

The main reason for the median and mean bonus gap being in favour of NON BAME employees is because, as mentioned previously, there is a higher proportion of NON BAME employees engaged in senior, more highly paid roles. This results in higher bonus awards received by NON BAME peers, relative to lower bonus awards in the BAME population.

Discretionary performance-related bonuses are awarded and paid on an annual basis, taking account of company and individual performance. As an equal opportunities employer, all our permanent employees irrespective of their position, age, gender, or ethnicity, are eligible for bonus.

### 3.3. Career Paths and Earnings

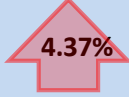

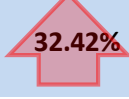
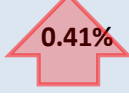


Our ethnicity distribution by pay quartiles show us BAME employees are significantly underrepresented in all pay quartiles, most notably in the highest pay quartile.



The concentration of employees from ethnic minority backgrounds in the lower pay quartiles reflects the overall ethnic profile of Pernod Ricard UK and the fact that these employees are in more junior roles. The upper quartile has the lowest proportion of ethnic minority staff, sitting at 1.2%.

#### 4. Year-on-Year Comparison

When we consider year-on-year comparison, we see positive trends in the form of a narrowing ethnicity pay gap at the median, with a slight widening at the mean. We also note a widening ethnicity bonus gap, which is most significant at the mean.

	2021	2022	2022 Vs 2021
Mean Ethnicity Pay Gap	28.30%	<b>32.67%</b>	 4.37%
Median Ethnicity Pay Gap	25.90%	<b>20.91%</b>	 -4.99%
Mean Ethnicity Bonus Gap	49.70%	<b>82.12%</b>	 32.42%
Median Ethnicity Bonus Gap	27.00%	<b>27.41%</b>	 0.41%
BAME receiving bonus	74.10%	<b>57.14%</b>	 -16.96%
NON-BAME receiving bonus	86.70%	<b>72.94%</b>	 -13.76%

## 5. Our Strategy to Reduce our Ethnicity Pay Gap

We know there are many factors which contribute to the ethnicity pay gap – social, regional, economic, and educational. Tackling inequality and the under-representation of BAME population across the organisation will require a range of policy interventions to address these. At Pernod Ricard UK, below are some of the steps we are taking to embed inclusion and diversity into our organisation.

### HR Strategy

Our HR philosophy is to continue to promote a positive culture where everyone, regardless of their ethnicity, feels engaged, recognised, valued, encouraged, and where they are treated fairly and equitably. We believe that a positive, inclusive culture enables success, competitive advantage and makes us an excellent place to work. To achieve this:

- We have introduced D&I Champions across our organisation to build a truly inclusive work environment.
- We have clear externally benchmarked salary ranges in place for all our job roles, which ensures that everyone is paid fairly for undertaking the same or similar work. We ensure equity when grading our roles.
- Directed by the strategic D&I action plan, we continue to embed responsibility for inclusive practice in all roles within the organisation and will deliver this objective through our Performance Review and Development process.
- We ensure that all our HR policies and tools proactively support all employees regardless of their ethnic group, as we believe these policies encourage our talented and driven employees to deliver results and in turn advance their careers in our organisation.

### Ethnicity Data

Understanding the workforce demographics of our organisation is key to informing future priorities and actions. In light of this, we carried out an internal communication campaign to gather ethnicity data across our organisation. As a result of this campaign, the ethnicity disclosure rate for this year's ethnicity reporting was overwhelmingly positive, with 99% of our employees disclosing their ethnicity. We will continue to collect ethnicity data so we can further improve the quality of all the employee diversity data we hold.

We also recently carried out a D&I survey across our organisation. This was to give our colleagues an opportunity to share their lived experiences of working at Pernod Ricard UK, with a view to using direct employee feedback from this to develop and shape our longer-term D&I strategy.



## **Recruitment**

We ensure our recruitment process has a strong focus on producing a greater ethnicity balance of potential candidates. We enhance our employer brand through a number of different initiatives in order to attract more diversity. For example, we recently launched our Centre of Excellence, focused on talent attraction, which proactively engages different sections of society and sources the most diverse candidate pools. We are pleased that minority groups represent 35% of our intern intake and 50% of our graduate intake this year.

We have reviewed the recruitment journey from job posts through to job offer and are monitoring job advertisements to ensure fairness and equality. This includes working towards ethnicity-balanced candidate shortlists, ensuring that all our recruitment panels are as diverse as possible, and that any recruitment offer made passes through a rigorous internal process to avoid any potential bias.

We believe building the pipeline of future BAME managers and leaders will be key to closing the ethnicity pay gap at Pernod Ricard UK. Currently only around 1% of senior managers are from a BAME background, despite BAME people making up around 13% of the UK working age population. We therefore aim to support and champion staff from ethnic minority groups and address the under-representation of staff from ethnic minority backgrounds at a senior level, through partnerships focused on building an ethnically diverse pipeline of talent and investigating ways to ensure greater diversity and diversity of thought at the senior leadership level.

## **Development**

Employee Development is a key focus within our organisation, and we are committed to making the most effective use of the talent, skills, and abilities of our employees. We support the training and development of all our employees and as part of this:

- We continue to work with our established team of Diversity & Inclusion Champions to actively promote awareness of Equality, Diversity, and Inclusion across the business, to celebrate differences and create a range of education opportunities. We have run a number of initiatives including working closely with Social Starters – a non-profit that cultivates social enterprise ecosystems – to offer skills-based programmes that allow our employees to volunteer to share their expertise in a socially beneficial way, acting as mentors and working with social entrepreneurs to tackle real business challenges.
- We have just launched United Networks to better support minority groups in our organisation and we will be working closely with these groups to ensure our HR policies and practices reflect the different needs of the diverse employee communities we have.
- We are active champions of Diversity & Inclusion in Grocery, an initiative with a mission of “making our industry a progressive environment where people and organisations can thrive” – and are pleased that our employees are actively involved, including as keynote speakers in conference panels.



## 6. Closing remarks

We recognise that our desire to improve the representation of a diverse ethnic and cultural mix at all our organisational levels will only be achievable with the right business culture and a truly inclusive and welcoming working environment. To this end, we relentlessly focus on providing a working environment that is always underpinned by respect and tolerance.

We acknowledge that some groups are still under-represented in our workforce, and we are committed to ensuring that our employees reflect the communities we work within. We are committed to continually reviewing and improving our action plan to address ethnic minority pay disparities.

In line with our three pillars of Conviviality at Work - Proud to belong; Empowered to perform; Committed to care - we will continue to work with all of our employees and, regardless of ethnicity, gender, age, disability, religion, or sexual orientation, provide them with opportunities to build their confidence and help them in reaching their full potential.