

Carnival UK Gender Pay Report

Shoreside

April 2019





Introduction

Carnival UK is part of Carnival Corporation & plc and is a market leader in the cruise industry. We are most widely recognised by our two famous brand names P&O Cruises and Cunard which we operate from our offices in Southampton. We create unforgettable holiday happiness for our Guests and strongly believe that happiness is equally important for our employees. One of our organisational goals is to become the UK's travel employer of choice.

One of our core organisational values is that we are 'Better Together' and that's why we continue to work hard to further develop an inclusive culture where difference is respected and valued and where our people can be themselves. Our original goal was to meaningfully increase the representation of women at Manager level and above by April 2019 and we will continue to focus our efforts on this.

“We continue to work hard to further develop an inclusive culture where difference is respected and valued and where our people can be themselves”



What is this report about?

This report explains our gender pay gap as measured under statutory reporting that is based on data from April 2018. Despite good work in recent years, we recognise it is still much wider than it should be and closing it is a business priority. We launched initiatives in the second half of 2017 that we knew would take time to gain traction. So, while we did not see any change year on year from April 2017 to April 2018, since then we have seen a step change and as of October 2018 had closed the mean pay gap 5% points.

In addition we have seen a significant increase in our female manager population and, as of October 2018, had a 47:53 female:male ratio, up from 40:60 as of April 2017. Therefore going forward, we will continue to ensure as far as reasonably practicable the gender balance at the manager level remains stable.

Improving our gender balance, particularly at the Senior Manager and above level of the organisation, remains a priority and we are confident that the areas of focus identified in the previous narrative are the right ones and will continue to work on these.

“Our focus will remain on the three specific areas we have already identified”

OUR STRATEGIC PRIORITIES ARE:



**BUILDING
AN INCLUSIVE
CULTURE**



**DEVELOPING
INCLUSIVE
LEADERS**



**BEING
MORE
DIVERSE**



WE WILL CONTINUE TO FOCUS ON THE FOLLOWING AREAS ...



BUILD AN INCLUSIVE CULTURE

- Through our purpose and values, set clear expectations around our ambition to be more inclusive and why it's important to us
- Increase opportunities for flexible working and non-standard working patterns
- Share authentic leadership stories that highlight the value of inclusion
- Equality impact assess our policies and practices
- Measure our progress and hold ourselves to account

We have also

- Showcased senior female role models both through our internal communications channels and our attraction materials
- Created opportunities to reinforce our belief in being 'Better Together' and the value of diversity
- Negotiated a special deal for all our people at Carnival House with a leading local nursery group, aiding returning to work from maternity leave, making childcare fees more manageable and simply making life easier by having a childcare option closer to Carnival House.



DEVELOP INCLUSIVE LEADERS

- Run unconscious bias awareness training
- Tap into our employee-run female network to understand how best to plug development gaps and remove progression barriers
- Partner with leaders to help them come up with action plans tailored to tackle diversity barriers in their specific parts of the business
- Help all our employees understand the value of diversity and become vocal advocates

We have also

- Ensured our Executive Leadership Team have objectives directly linked to improving our gender balance at senior levels
- Worked with individuals who are strong advocates of inclusion to further engage the wider business
- Refreshed our talent programme to ensure we are supporting women to progress into senior roles



BE MORE DIVERSE

- Put strategies into action that attract and develop more females for senior roles
- Target 50/50 gender balance on our recruitment shortlists for all managers and above
- Identify elements of our employment proposition that will appeal to a broader range of applicants
- Encourage a gender-balanced intake for our apprenticeship programmes
- Build on our education programme work with STEM (Science, Technology, Engineering and Mathematics) and support our STEM ambassadors within the company
- Tailor aspects of our leadership development programme to women, recognising that women's development needs are different to men's
- Provide development/tools to women at key moments in their career to support their continued success, e.g. return to work from maternity leave, promotion, etc.
- Partner with external groups to progress our diversity agenda, e.g. Women in Engineering, Stonewall etc.

We have also

- Implemented gender-blind recruitment for our roles at Director level and above
- Started to advertise selected roles on sites specifically to encourage more female applications

“Growing the minds and opening the hearts of leaders by developing them to value difference, encourage innovation and understand that not everyone thinks the same”





What is the gender pay gap?

The Gender Pay Gap is the difference in the pay and bonuses of all men and all women across an organisation which we compare by looking at the mid-point levels for each gender. Our Gender Pay Gap is therefore expressed using two mid-point measures in the report.

HERE IS HOW EACH IS CALCULATED:

MEAN GAP

The mean is the 'average' salary paid. It's calculated by adding up all the salaries of a certain group and then dividing that figure by the number of people in that group.

The mean Gender Pay Gap for salaries is found by comparing the mean female salary with the mean male salary, for which we look at the average hourly rate of pay of women and men at Carnival UK in April 2018.

The same calculation is also applied for bonuses paid to women and bonuses paid men over a 12 month period to April 2018 to calculate a mean bonus Gender Pay Gap.

MEDIAN GAP

The median is the 'middle' level that is paid for salaries (expressed as hourly rates as above) or for bonuses.

If all company employees were grouped into two lines, one female line and one male line, in order of salaries paid from highest to lowest, the median Gender Pay Gap compares the salary level of the female in the middle of their line and the salary level of the middle man. Because different jobs pay differently and the number of men and women performing these jobs varies, a gender pay gap exists.

The same calculation is also applied for bonuses paid to women and bonuses paid men over a 12 month period to April 2018 to calculate a median bonus Gender Pay Gap.

EQUAL PAY

Gender pay is different to equal pay. Equal pay is when there is no difference in pay between men and women who carry out the same or similar jobs. Our compensation is informed by an external job evaluation methodology, salary benchmarking and associated guidelines, to guide objective gender-neutral decision making around pay. We strive to be gender-neutral in all aspects of our business, especially when it comes to recruiting, retention and compensation and we will continue to seek ways to enhance our approach.

The Gender Pay Gap is a reflection that more male employees hold roles which inherently command higher pay. Tackling these issues will require a concerted effort over a number of years by individual companies as well as governmental bodies. Carnival UK is fully committed to being part of the leadership on this issue to ensure that we provide all candidates, regardless of background, with the opportunity to fulfil their potential and so enhance our customer experience by ensuring that our people best reflect their wider diversity.





Mean and median gender pay gap

Our mean Gender Pay Gap is 44%. We monitor this internally on a quarterly basis and as of October 2018 our mean Pay Gap had decreased to 39%.

APRIL 2018
MEAN PAY GAP



OCTOBER 2018
MEAN PAY GAP



Our median Gender Pay Gap is 41%. As of October 2018 our median Pay Gap had also decreased to 39%.

APRIL 2018
MEDIAN PAY GAP



OCTOBER 2018
MEDIAN PAY GAP

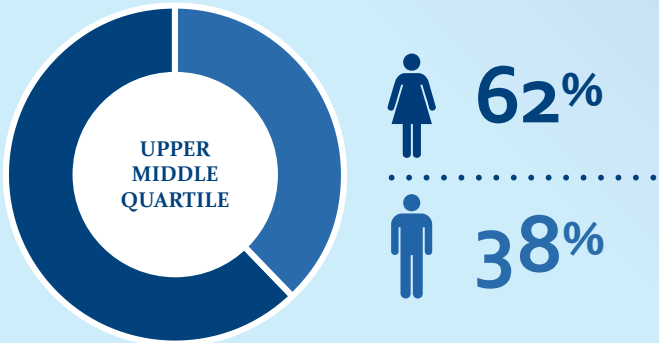
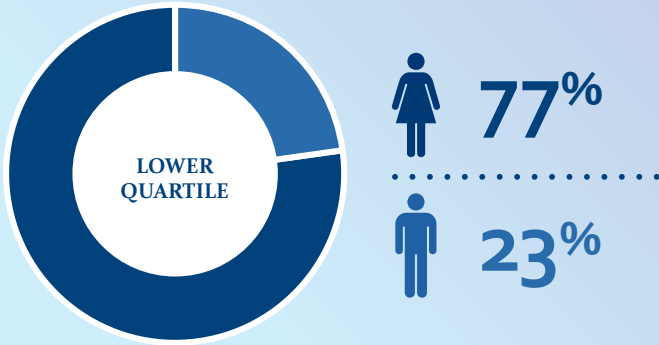


WE KNOW THAT THE GAP IS DRIVEN BY THE STRUCTURE OF OUR WORKFORCE, SPECIFICALLY:

- There is a significant lack of female representation in the company's more senior roles, only 30% of which were held by females as of April 2018. We have seen a significant improvement throughout 2018 and by October this figure had improved to 37%.
- We have a greater number of females in entry level roles. We have a large number of people employed in our call centre and the composition of the workforce in this area is predominantly female. We know this is relatively normal within the travel industry and we believe that our gender balance is similar to those seen within other travel companies with call centres. We are currently reviewing the gender balance within our call centre and working on initiatives to encourage more males into our entry level positions.
- In our business, we have large groups of people dedicated to maritime, engineering and technical disciplines, which traditionally have been male-dominated industries. Even within shore-based roles in these areas, sea-going experience is normally required, and this talent pool is very male-oriented. By way of example, in the UK only 3% of sea-going certificated officers are estimated to be female, with 4% of deck and 1% of engineering officers being female (MCA Seafarer Statistics). This is an industry-wide issue and there is no single short-term solution. Our longer-term strategy is to increase the number of females that enter onto our cadet programmes, so we can develop and grow our own officers.



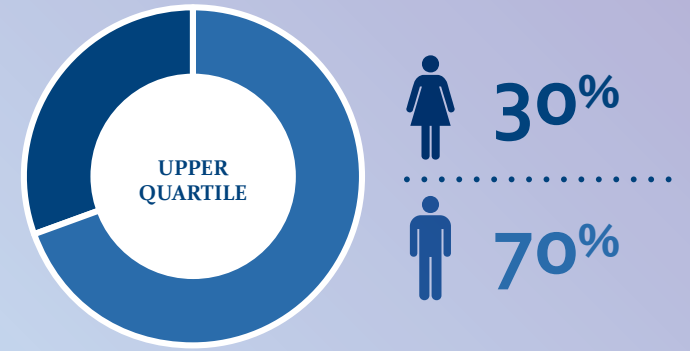
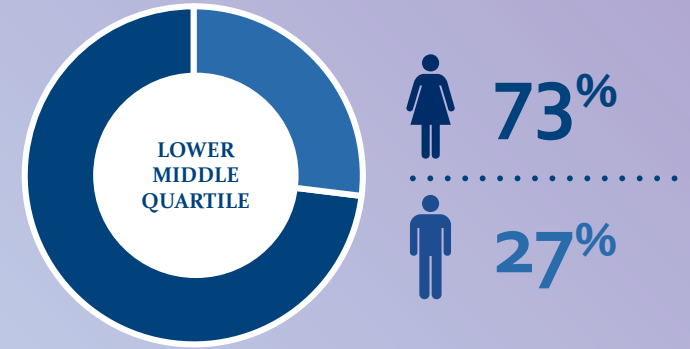
Male:Female ratio quartiles



These graphs show our employee group broken down into four equal-sized quartiles based on salary. Here the male:female ratio at each level is shown and the following page shows the Gender Pay Gap for each quartile.

While we are tackling the issue across the entire organisation, we have particularly focused our efforts to improve the Gender Pay Gap and gender representation in the upper quartile.

As of October 2018 we have seen a fantastic improvement in female representation in our upper quartile and it now sits at 37:63. However it is still not where it needs to be, so we will continue to focus on the initiatives we already have in place and would expect to see this continue to improve over the next few years.

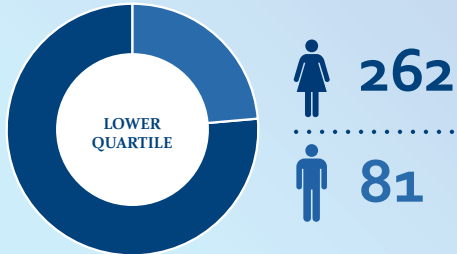


As of October 2018 Upper Quartile ratios sit at: 37% 63%



Quartile pay gaps

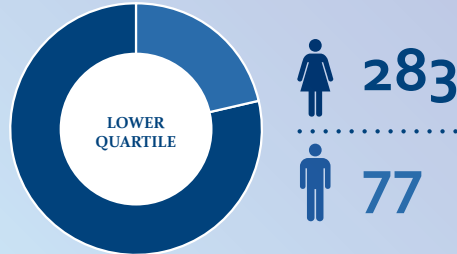
APRIL 2018



Mean Gap: 1%

Median Gap: 2%

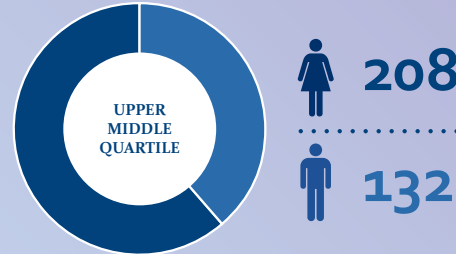
OCTOBER 2018



Mean Gap: -1%

Median Gap: -3%

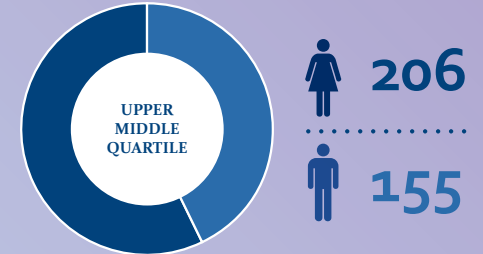
APRIL 2018



Mean Gap: 5%

Median Gap: 6%

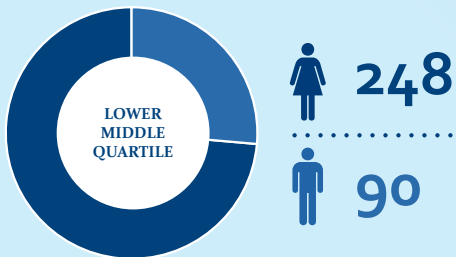
OCTOBER 2018



Mean Gap: 6%

Median Gap: 9%

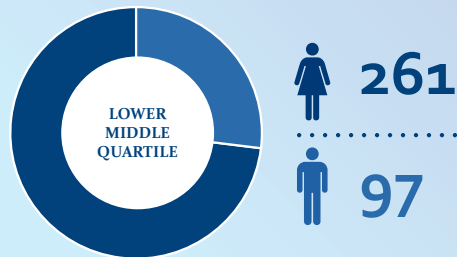
APRIL 2018



Mean Gap: 3%

Median Gap: 5%

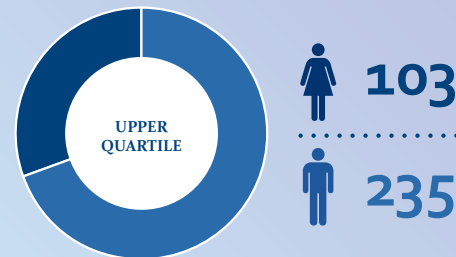
OCTOBER 2018



Mean Gap: 2%

Median Gap: 3%

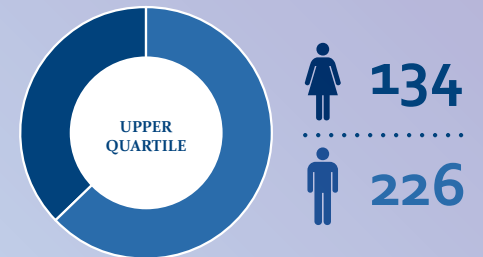
APRIL 2018



Mean Gap: 15%

Median Gap: 1%

OCTOBER 2018



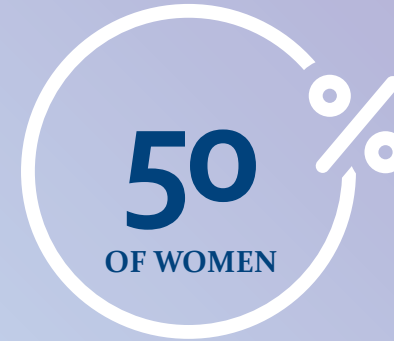
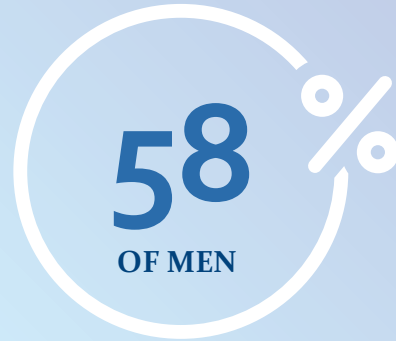
Mean Gap: 15%

Median Gap: -2%



Bonus gap

58%
of Men
receive
a bonus
payment



50%
of Women
receive
a bonus
payment

More females than males receive a bonus at Carnival UK, as we employ more women than men. However, if you take the number of females receiving bonus as a percentage of the total female population and compare it to the number of males receiving bonus as a percentage of the total male population, 8% fewer females received a bonus in 2018.

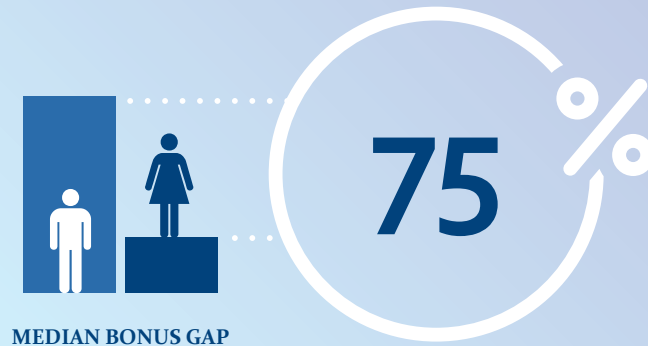


Bonus pay

The gap between the mean bonus pay for males and the mean bonus pay for females is 83%.



The gap between the median bonus pay for males and the median bonus pay for females is 75%.



Although our mean bonus gap is still very high and is driven by some large payments for senior management, which is still largely dominated by men, we have seen an improvement since 2017 when the gap was 86% so we are moving in the right direction.

We have also modified our bonus structure further down the Company which will significantly improve the bonus disparity in 2020.

THIS IS DRIVEN BY SEVERAL FACTORS:

- Bonus targets are typically set as a percentage of salary, so higher paid people get bigger bonuses. As of April 2018 males held 70% of our company's highest paid roles, a corresponding amount of our bonus pot was paid to males.
- An increase in the number of women in our lower quartile, receiving token bonuses such as relatively low-value holiday gift vouchers has further widened the median gap.
- We are proud to offer flexible working and 24% of females receiving bonus are part-time (vs 2% of males). As bonus is derived as a percentage of salary and their bonuses are pro-rated, this further widens the bonus gap.



Final analysis

Since our first Gender Pay Gap declaration we have put in a lot of energy and focus in to improving the overall situation. While the reportable figures based on April 2018 data show little change, we knew our initiatives to help change culture and mindsets would take time to gain traction and our most recent analysis shows a sustained movement in the right direction throughout 2018. We will continue to run with the initiatives already underway as we are confident that these are the right things to focus on. In addition to these, in 2019 we will also be;

- Reviewing all our family friendly policies, ensuring the right support is provided to all our employees
- Ensuring our senior women have enhanced access to return to work toolkits through 'mumbelievable'
- Designing a new applicant tracking system and exploring the functionality to remove gender from all job applications
- Investing further in IT to support more remote and flexible working patterns
- Revamping our leadership program to ensure the right support is available
- Increasing the funding for our employee-run women's programme Athena so that they can further develop the network and colleague support
- Building upon the work we have done around job levelling we will continue to ensure we have robust governance around our pay structures

Clearly we still have quite a way to go to get to where we want to be, however we are pleased with the progress we have made so far.

I continue to see the commitment, passion and will from every individual at Carnival UK to make a significant improvement across the company.

I confirm the information in this statement as required by the Gender Pay Gap Regulations is accurate.

Josh Weinstein
President, Carnival UK