

Carnival UK Gender Pay Report Shoreside





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 as 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're working hard to further develop an inclusive culture where difference is respected and valued and where our people can be themselves. Our goal is to meaningfully increase the representation of women at Manager level and above by April 2019.

"We're working 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 2017. Despite the good work in recent years, we recognise it is wider than it should be and we are committed to improving it. Improving our gender balance, particularly at the more senior levels of the organisation, is an immediate priority, and we have identified three specific areas on which we are going to focus.

“We are committed to improving”

THESE ARE:



**BUILDING
AN INCLUSIVE
CULTURE**



**DEVELOPING
INCLUSIVE
LEADERS**



**BEING
MORE
DIVERSE**



BUILDING 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



DEVELOPING INCLUSIVE LEADERS

- Run unconscious bias awareness training
- Tap into our newly formed 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 male employees understand the value of diversity and become vocal advocates



BEING 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
- Continue to 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 from 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 etc.

“Growing the minds and opening the hearts of leaders through 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 2017.

The same calculation is also applied for bonuses paid to women and bonuses paid men over a 12 month period to April 2017 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 2017 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.

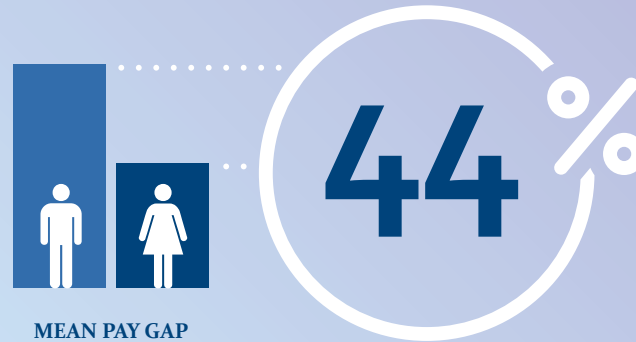
The Gender Pay Gap is a reflection that more male employees hold roles which inherently command higher pay. Tackling these issues will require a concerted effort over a number of years by individual companies as well as governmental bodies. Carnival is fully committed to being part of the leadership 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.



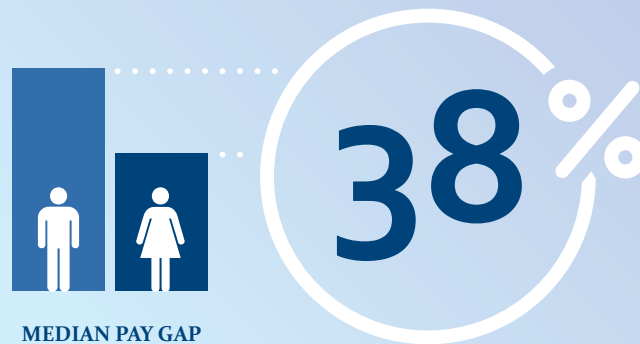


Mean and median gender pay gap

Our mean Gender Pay Gap is 44%.



Our median Gender Pay Gap is 38%.

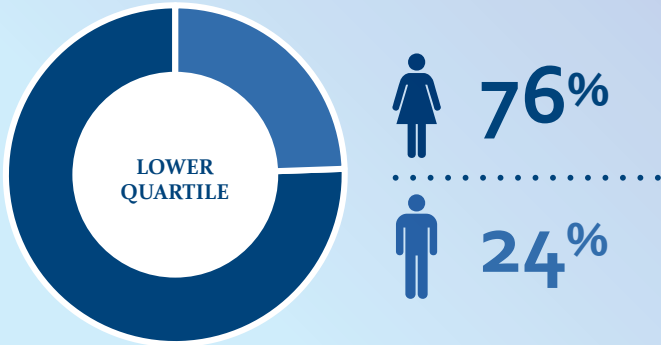


WE KNOW THAT THE GAP IS DRIVEN BY THE STRUCTURE OF OUR WORKFORCE, SPECIFICALLY:

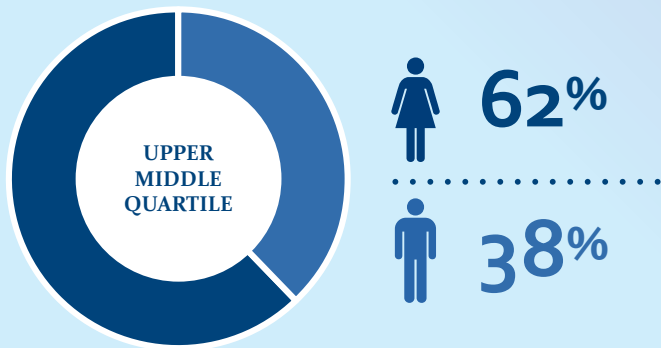
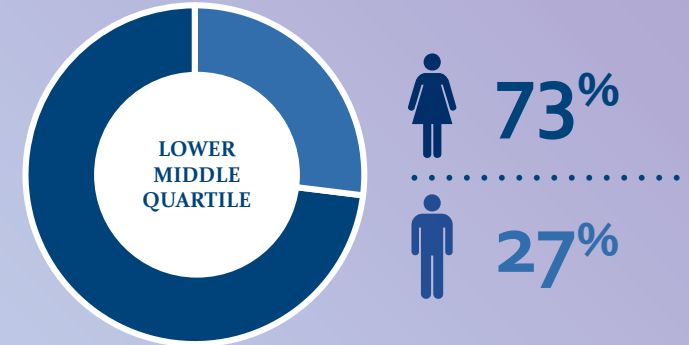
- There is a significant lack of female representation in the company's more senior roles, 70% of which are held by males.
- We have a greater number of females in entry level roles. We have a large number of people employed in our call centre and the composition of the workforce in this area is predominantly 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.
- 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).



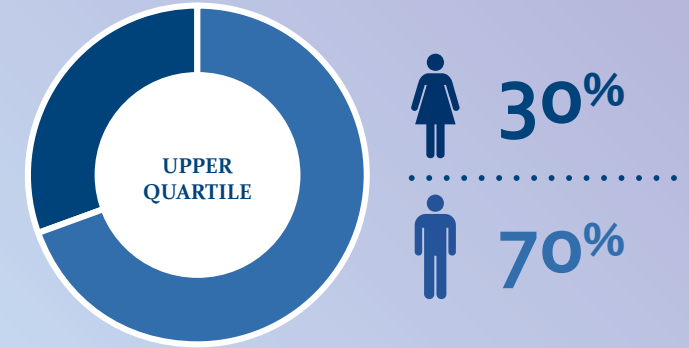
Male:Female ratio quartiles



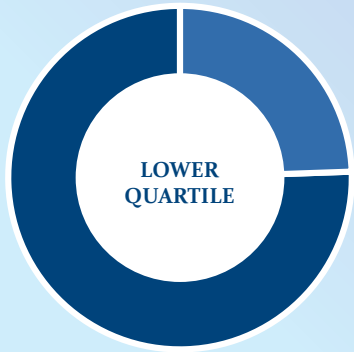
These graphs show our employee group broken down into four equal-sized quartiles based on salary. Here the male:female ratio at each level is shown and the following page shows the Gender Pay Gap for each quartile.



It is clear that our greatest gap is in our upper quartile and this is why we are focusing our efforts to improve the Gender Pay Gap and gender representation in this quartile. Accordingly, we are committed to the initiatives outlined at the end of this paper which will ensure that this is addressed at all levels from Manager upwards.

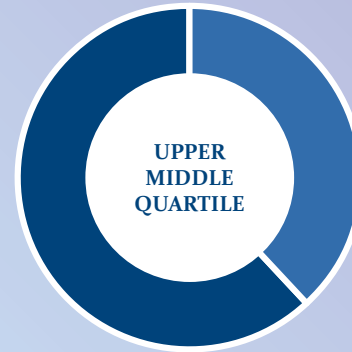


Quartile pay gaps



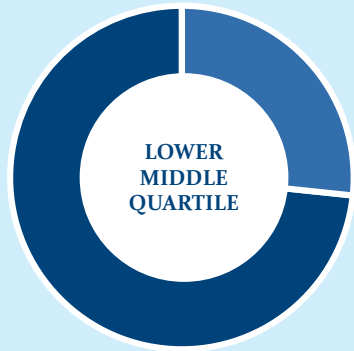
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 81

Mean Gap: -0.51%
Median Gap: -1.11%



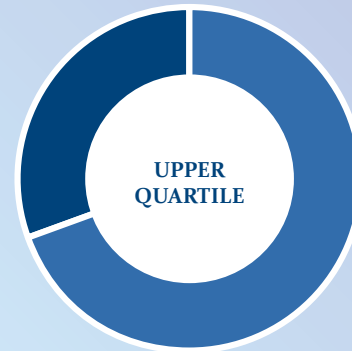
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Mean Gap: 1.71%
Median Gap: 1.40%



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Mean Gap: 3.13%
Median Gap: 3.25%



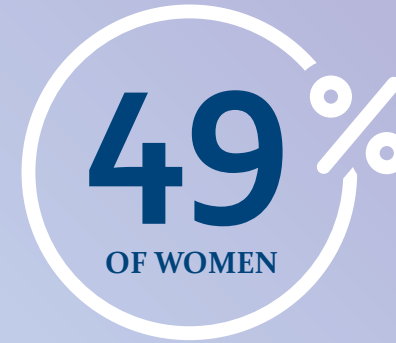
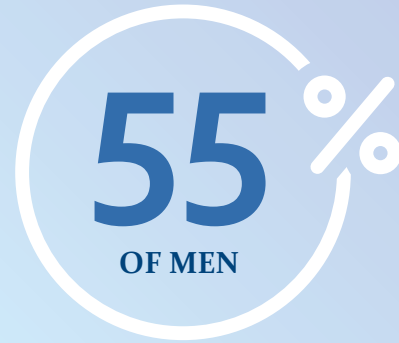
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Mean Gap: 15.82%
Median Gap: 6.27%



Bonus gap

55%
of Men
receive
a bonus
payment



49%
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, 5.5% fewer females received a bonus in 2017.

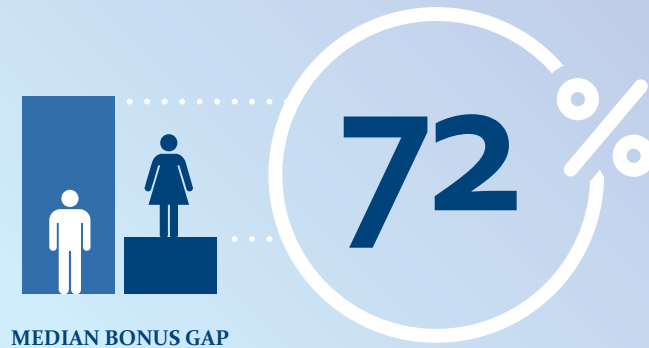


Bonus pay

The gap between the mean bonus pay for males and the mean bonus pay for females is 86%.



The gap between the median bonus pay for males and the median bonus pay for females is 72%.



THIS IS DRIVEN BY SEVERAL FACTORS:

- Bonus targets are typically set as a percentage of salary, so higher paid people get bigger bonuses. As males hold 70% of our company's highest paid roles, a corresponding amount of our bonus pot is paid to males.
- To a lesser extent but still a factor, we have more females in the company's lower-paid roles many of which roles are either not eligible for any bonus or, instead, receive token bonuses such as relatively low-value holiday gift vouchers.
- We are proud to offer flexible working and 26% 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

Overall our analysis shows that the gap in our top quartile is causing us to be a long way from where we would like to be. We recognise that we have to put a lot of energy and focus into improving the overall situation and that is why we have already started working towards our goal. So far we've implemented:

- Unconscious bias sessions available for all employees within the organisation.
- 50/50 gender balanced shortlists where possible for managerial level roles, and we are recording and measuring this so that we can hold ourselves to account.
- We have reviewed our resourcing strategy and will be showcasing more successful women in our business in our attraction material.
- We have ensured all our adverts use gender neutral wording and appeal to the widest range of applicants.
- We are supporting our employee run women's programme Athena, a network designed by women, for everyone, with a number of development and support initiatives.
- A number of our top female talent within the organisation have been provided with an executive coach to support them on their career development.
- We have made a commitment to foster a more flexible environment and are coordinating with senior level managers to identify specific ways within the various business areas we can improve this.

Clearly we have quite a way to go to get to where we want to be. While I have only been in my role for less than a year, I have already seen the commitment, passion and will from every individual at Carnival UK to make a significant improvement across the company.

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

Josh Weinstein
President, Carnival UK