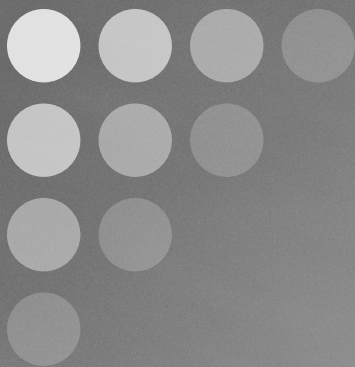


essence



2019 & 2020

**ESSENCE UK
GENDER PAY
GAP REPORT**



A note from our Global CEO, Kyoko Matsushita

Since becoming Global CEO in October 2019, my focus has been on building a company that thrives on diverse viewpoints. We know it's crucial that Essence represents the diversity of the cities and countries that we work and live in.

The path to success will mean including new people, welcoming divergent viewpoints, and being appreciative of the gender and cultural contexts that make all of us special at every level of our business. This means creating a working environment where all Essentials are able to reach their full potential.

We've set ambitious global goals to achieve gender parity across our leadership teams and engaged Paradigm for Parity to ensure women and men have equal power, status, and opportunity across the business. As the numbers in this report make clear, we have a lot of work ahead of us, but it is imperative that we achieve our goals.



A note from our EMEA CEO, Tim Irwin

2020 was a challenging year for everyone, affecting us all in different ways. At Essence, it also unfortunately means a disruption to the important ongoing progress we had been making on reducing our gender pay gap and the promotion of future female leaders into our senior team.

The numbers in this report show a significant increase from our median gender pay gap of 8.61% recorded in April 2019 to 21.42% in April 2020. This is due in part to more senior men being hired than women, many more women being hired in Quartile 1 than men, and a number of senior women being on maternity leave at the time of snapshot in 2020.

Since April 2019, we have implemented a number of initiatives to create a more inclusive working environment at Essence, including “Return on Women”, an Essence community group to support women throughout their careers; additional support for returning parents; as well as ASCEND, which brings Essentials together to talk about diversity, career development and personal growth.

One development I am especially proud of is that in 2020, Clare Chapman was promoted to EVP, Head of Media and Anna Berry was promoted to SVP, Client Services. More recently, in 2021, Alina Kulesza was promoted to VP, Head of Media, and Jo Periera to VP, Strategy EMEA, joining the EMEA leadership team. Additionally, in 2019 we made several key female promotions into our leadership team including Verity Campion to VP Client Services; Kate Browne to VP Business Operations; Kate Mann to VP Client Solutions; Deolu King to VP Head of Social; and Diana Saranova to VP Head of Search. They, along with the rest of our brilliant leadership team, will be a driving force for growing and attracting diverse talent, creating a more inclusive workplace and going on to achieve greater things for our clients during 2021 and beyond.



A handwritten signature in white ink, likely belonging to Tim Irwin. The signature is stylized and fluid, with a prominent 'T' and 'I'.

What is the Gender Pay Gap?

Gender pay gap reporting is a UK Government initiative that measures the difference (median and mean) in hourly rate of pay between all men and women within an organisation. It looks at earnings irrespective of the roles performed or the seniority of any individual. It is important to note that the gender pay gap is not the same as an equal pay analysis, whereby we measure the difference in salary of male and female employees that do the same or similar jobs, and which is a legal requirement in the UK.

UK companies with 250+ employees are legally bound to collect their figures each April. Last year, in light of COVID-19, the government deferred the requirement to upload April 2019 figures. This year's report, therefore, contains both April 2019 and April 2020 figures.

Definitions

GENDER PAY GAP VS EQUAL PAY

Equal pay means men and women being paid the same salary for carrying out the same or similar work, which is a legal requirement. This report, which follows new UK Government regulations that came into force in April 2017, is about the gender pay gap: the difference in average hourly pay between all men and all women in a workforce.

A gender pay gap is the result of gender imbalance – for example having more men than women in senior roles.

PAY GAP

The difference (median and mean) in hourly rate of pay between all men and all women in an organisation, expressed as a percentage of men's earnings – at the snapshot dates of 5 April 2019 and 5 April 2020.

MEDIAN PAY GAP

The difference between the midpoints in the ranges of men's and women's pay.

MEAN PAY GAP

The difference in the average hourly rate of men's and women's pay.

BONUS GAP

The percentage difference (median and mean) in total bonus payments received by men and women in the 12 months preceding the snapshot dates of 5 April 2019 and 5 April 2020.

PROPORTION RECEIVING BONUS

The percentage of men and women who received a bonus in the 12 months preceding the snapshot dates of 5 April 2019 and 5 April 2020.

PAY QUANTILES

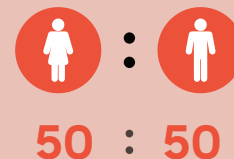
Shows the proportion of men and women in different pay bands, with the workforce divided into four equal parts (quantiles).

Quartiles

On 5 April 2020, Essence's workforce in the UK was approximately 50:50 men and women. On 5 April 2019, the workforce reviewed for this report consisted of 55% men and 45% women. This represents a decline in the percentage of men to women in all quartiles between 2018 and 2020.

The following table shows the proportion of men and women in Essence's UK workforce in different pay bands, divided into four equal parts (quartiles):

Essence's UK workforce is approximately 50:50. (2020)



SENIOR



JUNIOR

Proportion of Males and Females in each Quartile (Senior to Junior)

5 Apr 2018

5 Apr 2019

5 Apr 2020

M/F Split

M/F Split

M/F Split

Quartile 4	68:32	65:35	64:36
Quartile 3	55:45	51:49	54:46
Quartile 2	52:48	50:50	44:56
Quartile 1	47:53	52:48	43:57

M/F Split (2020)

■ M ■ F

Quartile 1



Quartile 2



Quartile 3



Quartile 4



The quartile distribution shows the underrepresentation of senior women (Quartile 4) in Essence's UK business at the time of both our 2019 and 2020 snapshots. Between 5 April 2018 and 5 April 2019, the number of women in the two most senior quartiles (4 and 3) increased by 8% collectively (Quartile 4 was up 5% from 32% to 35%, while Quartile 3 was also up 4%, from 45% in 2018 to 49% in 2019). Between 5 April 2019 and 5 April 2020, however, those numbers decreased slightly (Quartile 3 down by 3% from 49% to 46%).



Gender Pay Gap

On 5 April 2020 (the snapshot date), Essence Global Ltd's UK median gender pay gap was 21.42%, an increase of 12.81% from the 5 April 2019 median pay gap, which was 8.61%. The 2020 national median pay gap according to the Office of National Statistics was 15.5%.

Essence's 2020 gender pay gap reflects both the smaller number of women in Essence's most senior leadership positions in the UK and the fact that people in senior roles are typically paid more.

While the figures were tracking in the right direction between 2018 and 2019, the median pay gap increased between 2019 and 2020, due in part to:

- Between 2019 and 2020, Essence hired more women in Quartiles 1 and 2 (most junior quartiles) than men, meaning that a greater proportion of women are in the lower paid brackets, affecting the overall median distribution.
- More men being hired during that time in the senior quartile.

Minor factors include:

- The exclusion of nine women, mostly from Quartile 4, from the 2020 report while out on maternity leave. If these employees had been included in the assessment on their standard pay then both the mean and median scores would improve by 2% and 1% respectively.

Gender Bonus Gap

On the snapshot date of 5 April 2020, 73.26% of men received a bonus and 69.52% of women received a bonus. The median bonus gender pay gap was 12.07%, an increase of 3.2% from 5 April 2019.

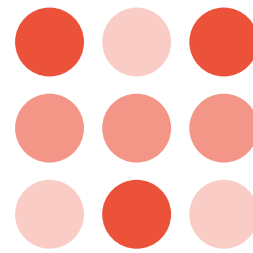
In the 12 months preceding 5 April 2019, 65.33% of males received a bonus and 66.93% of women received a bonus. The gap in median bonus paid to male employees was 8.87% higher than female employees, a reduction of 3% from 2018's median gender bonus gap of 11.94%.

The decision to award a bonus to an employee is determined by a number of factors, regardless of gender: an employee's contractual agreement and qualifying status for eligibility (such as start date and performance).

Similar to the gender pay gap, Essence's bonus pay gap represents the smaller number of women in the most senior leadership positions at Essence in the UK, as senior roles are more likely to have higher bonus earning potential.



We recognise the need for **significant** improvement.



While between 2018 and 2019 we made progress on reducing the gender pay gap, we recognise we have work to do to reach our ultimate ambition of gender balance and equity at all levels of the organisation.

At the start of 2018, we joined the global Paradigm for Parity Action Plan, a coalition focused on achieving a new norm in the corporate world: one in which women and men have equal power, status, and opportunity. In 2019, we set up Return on Women (RoW), a programme designed

to support women's development at Essence. These, along with other initiatives detailed below, helped us make inroads on increasing female representation between 2018 and 2019.

Since the April 2020 snapshot date, we've begun to make some progress in the right direction. This can be attributed to the promotion of women to more senior positions, and fewer men in the upper quartiles, achieving a better distribution of male:female ratio across quartiles.

Snapshot Data	5 April 2018	5 April 2019	5 April 2020
Median Gender Pay Gap	16.67%	8.61%	21.42%
Mean (Average) Gender Pay Gap	26.39%	22.40%	22.40%

Our Plan.

Given these results, our challenge and opportunity continues to be increasing the proportion of women in our leadership team. As we all know, 2020 was a year like no other. One of the challenges Covid-19 dealt us was a hiring and promotion freeze which has meant we have not been able to make as much progress as we'd like in that area. However, as things stabilise and normalise, the attraction, development and promotion of diverse talent remains at the top of our agenda.

By July 2021, our aim is for our regional leadership teams globally to get to 50:50 female/male ratio. We have also taken proactive steps to ensure better representation of women in our senior leadership teams over the last 12 months and are on track to achieve balanced representation in both our Leadership and ExCo groups.

In London we have established a number of Essence Community Groups, representing different groups of people within Essence. The most prominent of these groups are RoW (Return on Women) representing women across the agency; The Essence Village, representing Black, Asian and Mixed Heritage employees; and Pride@Essence, representing LGBTQIA+ employees.

Since their establishment, each group has delivered a series of initiatives to highlight the value of diverse thinking as well as celebrate key cultural moments, celebratory events or recognise significant contributing factors to improve diversity in the UK & beyond. This approach will be maintained and built upon through 2021.

The responsibility for change rests heavily on the agency as a whole, especially its leadership, rather than pushing the responsibility to the Community Groups. Whilst the role and contribution of the Community Groups will remain critical to success, the efforts need to be driven much more actively by agency leadership in particular.

For each of these Community Groups, we have established a number of pledges and commitments that support improved representation of under-represented groups at all levels, but particularly at senior levels. We have restructured our performance development philosophy, empowering Essentials in their personal and professional growth to build diverse, engaged and fulfilled teams. A goals-centric approach will focus on Essentials not only carrying out great work, but also contributing to the wider Essence community.



Our Plan.

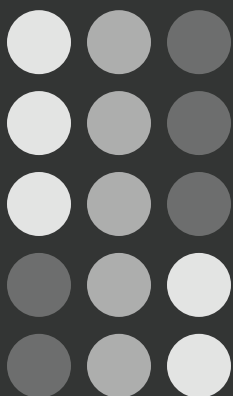
In 2020, we created a new global Inclusion Collective at Essence to shape our diversity and inclusion policies and bring Essence's community group leads and Global Management Team members together in a non-hierarchical structure to break down barriers to understanding and action. This group reviews annual inclusion goals and reports our progress on a quarterly basis. At the same time, we are rolling out a Career Advocacy Programme which will open up access to career development resources for underrepresented groups, including women.

Additionally, programmes such as our unconscious bias training for all talent and management teams and ASCEND, which brings men, women and gender non-binary people together to talk about diversity, career development and personal growth as well as training for the global leadership and talent teams, have also been put in place to help us improve gender representation.

We have introduced Courageous Conversations, a reverse mentoring programme consisting of a series of small-group forums to promote awareness, education, and understanding. Courageous Conversations allows Essentials to step into the role of "mentee" to better understand the life experiences and professional challenges faced by Essentials who will act as "mentors" in the conversation.

We have also launched a series on covering in the workplace to highlight and reduce the pressure people feel to hide their identities in order to fit in at work.

Finally, we partner with GroupM and WPP in the Walk the Talk programme, whereby senior female leadership from across the WPP network have been empowered to step into bigger roles.



Return on Women (RoW)



RoW was launched in November 2019 with the ultimate goal of achieving a better gender balanced Exco and Leadership team by supporting women in their development journey. RoW seeks to redress gender imbalance and support women throughout the organisation.

There are five parts to the RoW programme:


- **LISTEN** - While there is a lot of research into the challenges faced by women at work, we wanted to hear directly from our employees (of all genders) to find out about their personal experiences, including barriers to progression into the top tiers and perceived gender inequality. In February 2020, with the help of an external partner, we conducted a series of focus groups to gather robust qualitative data to further understand our employees' needs, identifying a number of key areas to give women additional support on.
- **ACCELERATE** - Following the feedback from the LISTEN sessions, a female acceleration program for those on the cusp of achieving leadership positions (Account Director +) has been developed and will take place in 2021. The research-based programme encourages discussion about what participants see at Essence and will take a coaching (not telling) approach.
- **RoW MENTORING** - We will also be launching a female-focussed mentoring programme as part of RoW, pairing women with senior leaders at the agency to gain different perspectives and discover signposting opportunities for ongoing development and career growth.
- **LEAD** - We recognise that change needs to be systemic. As part of that commitment, our leadership team will participate in Inclusive Leadership Training during 2021.
- **EVENTS** - Additionally, we will continue to run a schedule of monthly keynotes with external speakers and panellists to educate and inspire future female leaders.



Returning Parents.



Essence is also developing a support programme for parents returning from maternity/paternity leave, offering guidance and an advice support network to make their transition back to work as smooth as possible. In addition, Essential maternity/paternity returners also have access to GroupM's Back in the Game, a structured network of events and programmes to support people returning to work after long periods of leave.





Key female senior promotions.



In 2019, our APAC CEO and Chief Client Officer, Kyoko Matsushita was promoted to Global CEO to lead Essence into its next era of innovation; and in 2020, UK-based Sarah Walker was promoted to Global Chief Business Strategy Officer. During 2019 and 2020, Essence UK has further added to its leadership team with several promotions:

Feb 2021



ALINA KULESZA

Having joined Essence as Group Strategy Director, in February 2021 Alina was promoted to VP, Head of Media Planning, responsible for bringing media and strategy disciplines closer together.



JO PERIERA

Jo was promoted to VP, Strategy EMEA in February, responsible for developing up-stream strategies for clients and driving client growth, not just for now but also in the future.

Oct 2020



CLARE CHAPMAN

Clare Chapman was promoted to EVP, Head of Media, EMEA, an important role that brings activation and planning closer together to achieve campaign excellence. Clare will also continue to lead EMEA thought leadership for our clients.



ANNA BERRY

Anna was promoted to SVP, Head of Client Services and has joined the EMEA Exco. Anna will be tasked with leading our Client Service practice as well as building and growing better and more lucrative relationships with our clients.

Jan 2020



SUSANNA PITTS

Susanna was promoted to SVP, Global Head of Product Strategy Management. Susanna has led our corporate strategy and business teams since she joined Essence in 2013.

Oct 2019



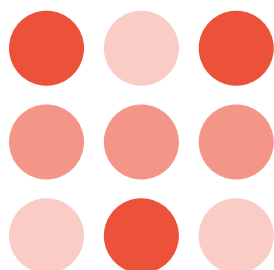
DEBORAH KING

In 2019, Deborah was promoted to VP, Head of Paid Social EMEA. Deborah joined Essence in 2017, setting up its 40-strong paid social department, serving clients including Google, NBCUniversal, BT, EE, Peloton, Nandos, L'Oreal, and Argos.



VERITY CAMPION

Verity was promoted to VP, Client Solutions in October 2019, having joined Essence in 2018 as Client Director. Verity continues to deliver outstanding solutions for her client, BT.



Oct 2019



DIANA SARANOVA

Diana was promoted to VP, Head of Search EMEA at the end of 2019. She is responsible for the development of search strategy, partnerships and innovation of search products at Essence and for delivering clear vision to her team of 60+ paid search and SEO specialists, as well as Essence clients.



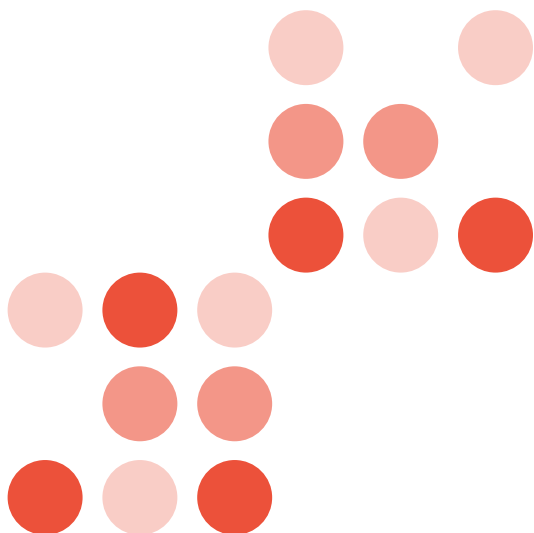
KATE MANN

Kate was promoted to VP, Client Solutions EMEA in October 2019. Joining Essence in 2014, Kate quickly worked her way up the ranks, but continues to excel in delivering operational excellence for her client, Google.



KATE BROWN

In late 2019, Kate was promoted to VP, Business Operations EMEA. Since 2018, Kate has supported Essence ensuring the business runs smoothly and effectively. Kate's focus on operational efficiency ensures we continuously improve and provide the best environment for Essentials to deliver outstanding work for clients.



Statutory information

Median gender pay gap (difference)		8.61%	21.42%
Mean Gender Pay Gap (difference)		22.40%	22.40%
Median Bonus gender Pay Gap (difference)		8.87%	12.07%
Mean Bonus gender Pay Gap (difference)		48.66%	35.29 %
Quartile 4 (top quartile)	Male	65%	64%
	Female	35%	36%
Quartile 3 (upper middle quartile)	Male	51%	54%
	Female	49%	46%
Quartile 2 (lower middle quartile)	Male	50%	44%
	Female	50%	56%
Quartile 1 (lower quartile)	Male	52%	43%
	Female	48%	57%
% Males who received a bonus		65.33%	73.26%
% Females Who received a bonus		66.93%	69.52%



Declaration

We confirm that the information in this report is accurate and prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Signed by

TIM IRWIN | CEO, EMEA