

Gender Pay Gap Report 2018

Introduction

Millennium & Copthorne Hotels plc is a leading hospitality company and is a constituent of the FTSE 250 index. The Group employs around 11,500 employees globally and operates across 28 countries.

In April 2017, The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 (the "Regulations") were introduced. They require UK businesses with more than 250 employees to publish their gender pay gap statistics by 5 April each year using data as at 5 April of the previous year. This is the Group's second year of reporting under the Regulations and as such, this year's report will provide the gender pay gap data for all the legal entities to which the Regulations apply as well as for the Group's UK workforce as a whole, in order to provide greater transparency and more comparable disclosures to other hospitality companies in the UK. This report focuses on our UK gender pay gap, setting out the difference in average hourly pay between men and women across the relevant subsidiary companies and the UK workforce, as at the snapshot date of 5 April 2018. With this in mind, publishing our gender pay gap report offers us an opportunity to reflect on our existing programme of work in this area and consider what more we can do to create a diverse and inclusive place to work. This Regulation will act as an additional catalyst to ensure greater female participation in management and leadership roles over time.

The Group is an equal opportunities employer—our remuneration practices are guided by the principle of equal pay for equal work—but we also recognise that more can and should be done to promote fairness and equality in terms of hiring, promoting and payment practices, both within the organisation and industry in general. Developing and retaining talented people is a key strategic objective for the company and is vital to our success.

As part of the Group's continuing efforts to address gender and ethnic diversity more broadly within the business, a new diversity and inclusion policy was adopted and rolled out across the Group during the course of 2018. That policy, which involves the education of employees on the benefits of diversity in the workforce and includes procedures that will allow the Board of Directors to monitor progress, reinforces the Group's commitment to promoting an inclusive work environment, one in which every member of its workforce feels valued, empowered and respected. Our mandatory Code of Ethics and Business Conduct makes it clear that treating our colleagues with respect and dignity is integral to the behaviours expected from everyone who works for the Group.

What is equal pay?

In the UK, equal pay is a legal requirement, set out in the Equality Act 2010, to ensure that men and women performing like work or work of equal value are treated the same. It is the law and all employers must observe it. Equal pay not only applies to salary, but to all contractual terms and conditions of employment. However, the law does not require that everyone doing the same job or an equal value job must earn exactly the same.

MILLENNIUM HOTELS AND RESORTS

Registered office: Millennium & Copthorne Hotels Plc. Victoria House, Victoria Road, Horley, Surrey RH6 7AF England. Registered No: 3004377

T +44 (0)1293 772 288 W www.millenniumhotels.com



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What is the Gender Pay Gap?

The gender pay gap is the difference between the average hourly pay received by men versus women, expressed as a percentage of the male hourly rate. The Group is required to report on the below six measures:

- Mean gender pay gap in hourly pay
- Median gender pay gap in hourly pay
- Mean bonus gender pay gap
- Median bonus gender pay gap
- Proportion of males and females receiving a bonus payment
- Proportion of males and females in each pay quartile

The median figure removes any influence of highest and lowest paid workers. The gender bonus gap is the difference between the average bonuses received by men versus the average bonuses received by women. The differential between men and women may illustrate the type and level of roles that are carried out by women within an organisation, which may be influenced by factors such as historic trends of one gender dominating certain industries or types of jobs.

The gender pay gap compares men's and women's average hourly pay regardless of type or level of role. We have taken the pay data for the whole of our UK workforce, which includes many different roles with a variety of different pay scales, and have calculated and compared the mean average and median (mid-point) pay to calculate each pay gap.

Gender pay gap for our UK workforce

In the spirit of transparency, the following information provides the overall gender pay picture for all relevant UK employees of the Group, even if employed by an entity for which we are not required to report under the Regulations.

As at 5 April 2018, a total of 2,099 employees were included within the scope of this exercise, of which 1,022 were female and 1,077 were male.

	Mean	Median
Hourly Pay – Gender Pay Gap	23.0%	11.7%

The mean gender pay gap, which is the difference in average hourly rates of pay that male and female employees receive, gives an overall indication of the gender pay gap by taking all hourly rates of pay and dividing that figure by the total number of people in scope. The analysis shows that the mean hourly rate for women was 23.0% lower than that for men.

The median gender pay gap is calculated as the difference in the midpoints of the ranges of hourly rates of pay for men and women after ordering individual rates of pay from lowest to highest and comparing the middle values. The analysis shows that the median hourly rate for women was 11.7% lower than that for men. As senior roles pay more than junior roles, the smaller the proportion of women who hold senior roles within a company, relative to the workforce as a whole, the greater the average gender pay gap. Therefore, the gender pay gap can be seen as a measure of the extent to which women are able to participate and progress in senior management and leadership roles in an



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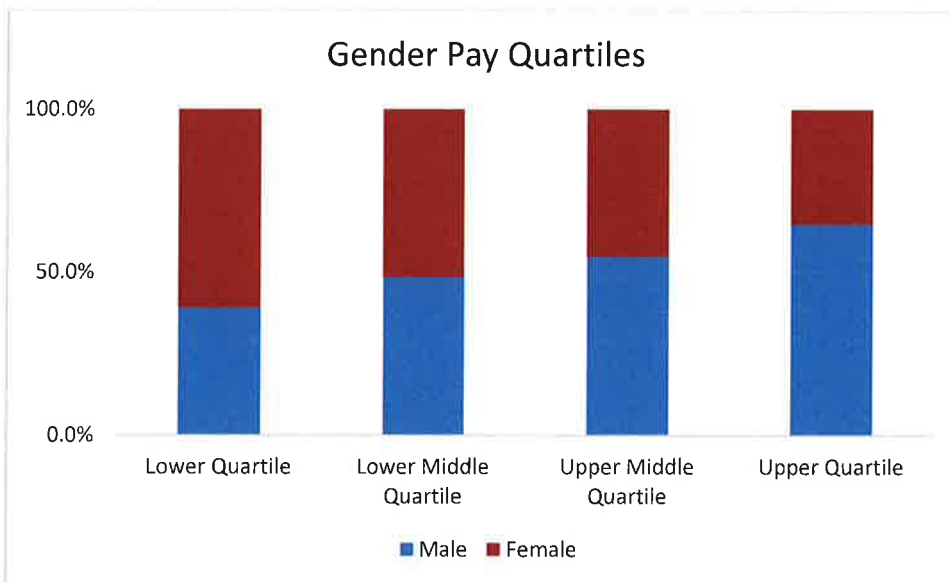
organisation. In the UK in 2018, the Company refreshed and administered a diversity training programme designed to raise awareness of how small (and typically unintended) actions, or cultural and behavioural norms, can hamper progress towards an inclusive working environment. We will report on the progress made in this area next year.

	Mean	Median
Bonus Pay – Gender Pay Gap	30.8%	1.1%

An analysis of the above data shows that the median bonus for females, on average, was lower than for males.

Pay Quartiles	Lower Quartile	Lower Middle Quartile	Upper Middle Quartile	Upper Quartile
Men	39.2%	48.4%	54.8%	64.9%
Women	60.8%	51.6%	45.2%	35.1%

	Male	Female
Proportion of Employees Receiving a Bonus	8.5%	5.1%



Our analysis furthermore indicates that the gender pay gap arose, as at 5 April 2018, generally because more men than women held senior or higher skilled roles, particularly in the upper quartiles. This result, in our experience, is typical of the hospitality industry. The premium paid to some of these roles predominantly held by men, for instance, recognizes differences in working conditions for the roles or unsociable working hours. This means that there is room for improvement to progress more women to senior leadership roles. However, this does not deter us from our intent and the Group has deployed a number of initiatives to try and reduce the gender pay gap. Further information relating to the actions undertaken are detailed later in this report.



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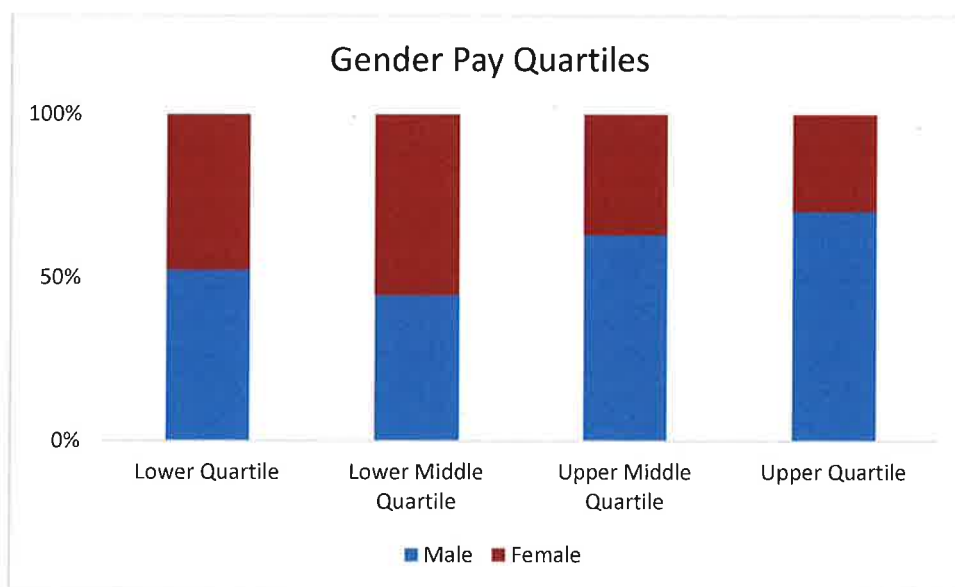
Gender pay gap for CDL Hotels (U.K.) Limited

Millennium & Copthorne Hotels plc has one subsidiary in the UK for which we are required to report under the Regulations. That entity is CDL Hotels (U.K.) Limited ("CDLHT") and it owns and operates the Bailey's Hotel London and the Millennium Gloucester Hotel London Kensington. As at 5 April 2018, 291 employees of CDLHT were included within the scope of this exercise, of which 161 were male and 130 were female. The gender pay gap information for CDL Hotels (U.K.) Limited is set out below.

	Mean	Median
Hourly Pay – Gender Pay Gap	12.9%	12.1%
Bonus Pay – Gender Pay Gap	-2.3%	4.7%

	Male	Female
Proportion of Employees Receiving a Bonus	2.6%	2.9%

Pay Quartiles	Lower Quartile	Lower Middle Quartile	Upper Middle Quartile	Upper Quartile
Men	51.6%	42.9%	64.1%	69.8%
Women	48.4%	57.1%	35.9%	30.2%



Looking at the overall picture for CDLHT, there has not been a significant change in the gender pay gap that was presented last year (2017: 4.3% male and 2.3% female). On average females received a higher bonus than males, but this was due to a number of factors, such as length of service in role,



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individual performance and more females being in bonus eligible positions. Similar to our UK workforce overall, there were more males represented in the upper quartile pay grades.

What we are doing and next steps

Within the Group, no employee should receive less favourable treatment, directly or indirectly, on the grounds of gender. We are committed to this objective and have in place a pay and grading structure for all employees. This means that each role has agreed pay ranges irrespective of whether the role is occupied by a male or female. We also use benchmarked rates where necessary to ensure competitiveness within the marketplace.

Whilst there have been some efforts made to reduce the gender pay gap, the Group realises that this is an iterative process, and more work will be required to close the gap. The Group already has identified a number of ways to help achieve greater balance, including the initiatives listed below;

- Recruitment and selection practices are being reviewed and revised to ensure we attract a broad range of applicants for roles and that open positions will have, to the extent practicable, a gender-balanced shortlist. We always strive to select the best person for each job, whilst recognising that gender and ethnic diversity adds value to our workforce.
- We are creating and implementing or enhancing our mentoring and talent development programmes for senior female leaders to improve retention rates.
- We will continue to encourage flexible working arrangements to suit the changing needs of our employees.
- We will be increasing our focus on career progression, training and mentoring for women across the organisation, to help create a more equal distribution of gender at all levels.
- We will be undertaking an in-depth review of our policies and practices, and this will involve us continuing to look for ways to reduce bias in our hiring processes at all levels.
- We will be focusing on ensuring that the targets and actions identified through our diversity and inclusion policy are being monitored and tracked.
- We will be introducing friendly family policies designed to better enable working parents to remain engaged in the workplace and continue to progress within their respective careers.

Unfortunately the hospitality industry in which we operate is traditionally a male dominated sector. We intend to encourage more women to enter the industry, to motivate them to stay with us, and to support them in building their careers with us. As the Company operates, to a large extent, on a decentralised basis, each of its operating regions is responsible for designing and developing their own initiatives, the aims of which are to increase diversity and in turn reduce the gender pay gap that exists within the organisation.

I confirm that the gender pay gap calculations are accurate and meet the requirements of the methodology set out in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Jonathon Grech

Director of CDL Hotels (U.K.) Limited

Company Secretary of Millennium & Copthorne Hotels plc

3 April 2019