

Gender pay gap reporting

Nurturing a workforce built on equality, diversity and inclusion

We are committed to being an employer of choice and we continually strive to create a challenging, enterprising and inclusive environment that recognises and rewards our employees' achievements. Arvato is aiming towards ensuring that everybody has the opportunity to reach their full potential. We are passionate about providing our people with the training opportunities and support they need to develop their careers and grow professionally as part of our company.

We are developing new strategies and approaches to improve and place a greater focus on building a more diverse workforce and an environment that fosters inclusion and equal opportunities, at all levels within the business. We have been developing innovative approaches to recruitment and succession planning, an early careers strategy to cement our position in the top 100 apprenticeship employers and a new diversity and inclusion programme.

Our current performance on gender pay is detailed below and shows that the business is below the national average. However, we acknowledge that the journey does not stop here. We are committed to reducing our gap year-on-year and have set out a number of approaches in this report aimed at improving the development pathways for women in our business, as well as boosting gender diversity during recruitment.

Our pay gap

This report includes the gender pay gap and bonus pay gap data for both of our legal entities:

- **Arvato Limited** this consists of our corporate departments and our central government, contact centre and supply chain operations.
- **Arvato Public Sector Services** this encompasses all of our local government operations.

Our Arvato Limited business, which employs 846 people across the UK, is proud to have an equal median rate of pay for men and women and exemplifies the standards which we want to set across the whole company for diversity, inclusion and equal opportunities. Our Arvato Public Sector Services business area consists mainly of TUPE employees, with a mixture of various terms and conditions across pay and allowances which contributes to the pay gap in that business.

The pay gap that exists within Arvato Public Sector Services and the bonus gaps across both legal entities are a result of there being a higher proportion of males in senior level positions and across highly specialist professions, such as IT and cyber security. Women represent 56.0% of our total workforce, with 42.0% in management positions from team leader upwards and 58.0% in non-managerial roles. While females account for 59.0% of our customer service positions and 62.0% of transactional-based roles, only 32.0% of those working across our IT and cyber security teams are women.

How does our pay gap compare



Earnings pay gap

| | Mean | | Median | |
|--|--|--|---|--|
| Arvato Limited Mean @ 12.6% Median @ 0.0% |  £14.90 |  £13.03 |  £10.06 |  £10.06 |
| Arvato Public Sector Services Mean @ 12.8% Median @ 17.7% |  £14.06 |  £12.27 |  £13.61 |  £11.20 |

The gender pay gap hourly rate is calculated based on earnings at that snapshot date of April 17 for each person. Earnings will include salary, and benefits such as car allowance, bonus pay if paid in April and shift pay.

Breakdown of senior managers by gender across both entities

| Tier |  |  |
|---|---|---|
| 1 Board level | 8 (80.0%) | 2 (20.0%) |
| 2 Board reports | 18 (72.0%) | 7 (18.0%) |
| 3 Heads of service & senior subject matter experts | 29 (47.0%) | 32 (53.0%) |
| 4 Team managers & subject matter experts | 47 (60.0%) | 32 (40.0%) |
| Total | 102 (58.0%) | 73 (42.0%) |

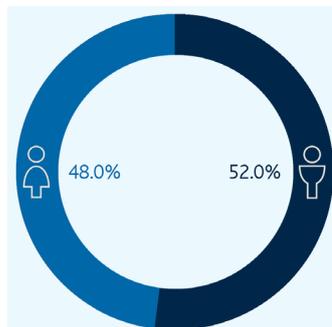
Bonus pay gap

| | | Mean | Median |
|--|--|----------------------|----------------------|
| Arvato Limited Mean @ 42.2% Median @ 27.8% |  29.8% of men received a bonus | On average £6,216 | On average £1,546 |
| |  41.7% of women received a bonus | On average £3,595 | On average £1,115 |
| Arvato Public Sector Services Mean @ 10.2% Median @ 11.3% |  26.6% of men received a bonus | On average £1,064 | On average £900 |
| |  17.3% of women received a bonus | On average £901 | On average £799 |

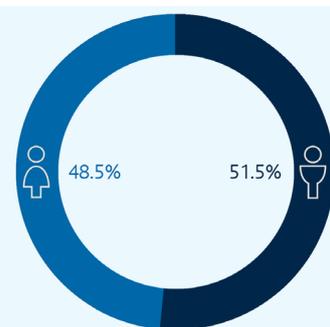
The proportion of females and males in each pay quartile

Arvato Limited

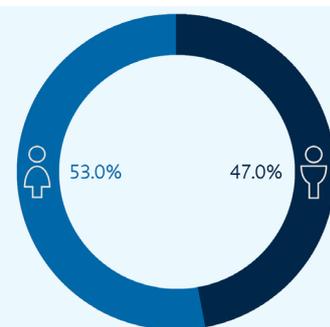
Lower quartile



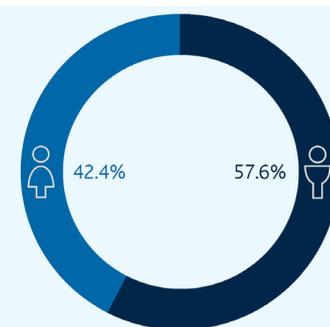
Lower middle



Upper middle

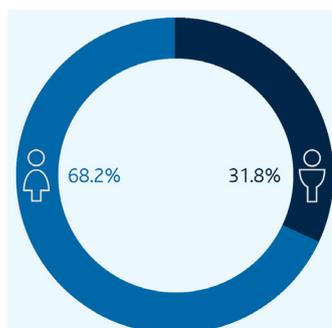


Upper quartile

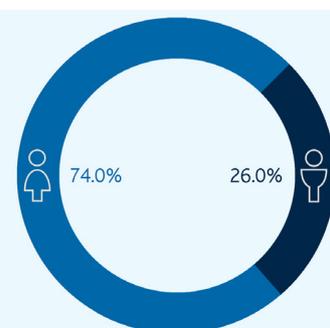


Arvato Public Sector Services

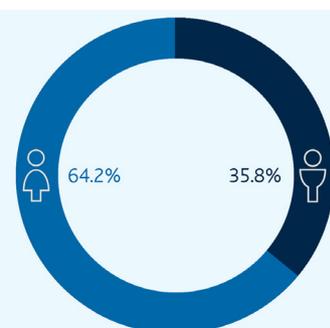
Lower quartile



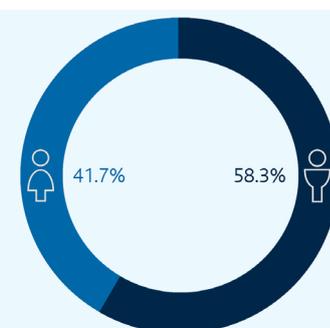
Lower middle



Upper middle



Upper quartile



Our action plan

Our aim is to reduce our gender pay gap year-on-year and we recognise that this will require continued long-term planning and commitment to new initiatives.

Our focus is not solely on gender pay, but ensuring that all employees are able to thrive in an environment that fosters inclusion at all levels within the business and provides them with flexibility they need to succeed.

What do we already do?

We have introduced numerous policies in recent years which have helped the business develop a supportive, diverse and inclusive environment for our employees:

- Family friendly policies such as enhanced maternity and paternity policies and shared parental leave.
- The right to request flexible working options, which include home working, working from different locations, a compressed week and reduced hours.
- A plan over the next two years to achieve the commitment that no employee outside of an apprenticeship scheme will earn lower than the living wage foundations rate.
- We are a top 100 apprentice employer and during the financial year 2016/2017, 42.0% of our apprentices were female. Although this may not directly improve our gap at this time, it shows our commitment to strengthen our existing and future skills requirements.
- Holiday purchase schemes that allow employees to buy additional leave to enhance their work-life balance.

Our plans to close the gap

Recruitment and succession planning

Our talent team have implemented a new talent management and organisational development programme across the UK and Ireland, which will ensure we identify the right employees with the right skills, and then support and develop them so they can achieve promotions. In reviewing our succession planning, our aim is to increase diversity in terms of gender, ethnicity and sexuality across all job roles within the business.

Our resourcing team are ensuring that we attract the most talented employees who can deliver success for our clients. Each of our hiring managers are in the process of being trained in avoiding unconscious bias. Our inclusive recruitment approach will also continue to ensure we're attracting women and talent from groups that are less well-represented within our business.

In addition to this, we will undertake a review of our pay procedures and bonus scheme policies to ensure they are applied equitably.

Early careers talent development

Developing our early careers strategy will be a key focus, together with strengthening our existing apprenticeship programme and our position as a top 100 apprentice employer.

We will continue to partner with local schools and colleges to encourage more female applicants to our apprenticeship schemes, particularly in areas such as IT where women represent a small proportion of our workforce.

Our future aim with early careers over the next couple of years is to upskill our existing employees by:

- Future proofing the organisation in several areas, which include robotic process automation (RPA), digitalisation, artificial intelligence (AI), Internet of Things.
- Continuous innovation to create new solutions for our target sectors.
- Creation of a 'new generation' talent pool by targeting schools to promote the apprenticeship route. Traditionally, take up of apprentices has been predominantly males. Our aim is to promote apprenticeship route at schools to increase our female level of take-up.
- Identifying talented young people and developing career pathways.

In addition to this, we will build, enhance and deliver apprenticeship and graduate schemes to maximise our business growth, by bringing in a diverse pipeline of talent to meet existing and future skill gaps.

By 2020, we aim to establish an early careers framework that increases the number of apprentices joining the business from diverse backgrounds on an annual basis. Upskilling and developing our employees using this framework will in turn present an agile, flexible, collaborative and passionate workforce that will boost future growth.

A culture of diversity and inclusion

We are finalising a diversity and inclusion strategy that will underpin all of our activities geared towards improving diversity, which includes our gender pay gap, across the business. The key driver for us is to ensure we attract a diverse applicant pool, and promote and develop our existing talent. This is essential for the future success of the business and in ensuring our employees feel they have adequate support to grow and develop within our company.

We will also review and promote our existing agile and flexible working policies, alongside increasing the communication across our business of the various benefits available to all of our employees.

Signed by:



Position: CEO

Date: 28.03.2018

Review Date: 28.03.2019

About the gender pay gap reporting

Under new regulation from the government there is a requirement for employers with more than 250 employees to undertake an exercise to audit pay and identify potential gender pay gaps. All organisations are required to publish their gender pay results for 2017. Arvato are committed to publishing this data and being transparent as to why any gap may exist in our organisation.

The regulation requires for data to be published based on legal entities. For Arvato CRM our legal entities are below:

- **Arvato Limited**
- **Arvato Public Sector Services**

Therefore, our gender pay gap report consists of two lots of results based on the two entities.

Under the regulation we are required to report on the following areas:

- Mean overall pay gap between men and women
- Median overall pay gap between men and women
- Mean bonus pay gap between men and women
- Median bonus pay gap between men and women
- The proportion of men and women in pay quartiles from the lowest to the highest quartile

Mean pay gap – the overall pay gap between men and women within our company

Median pay gap – the middle point of our male pay compared to our female pay

The difference between equal pay and gender pay gap

Gender pay gap – the overall pay gap between men and women for the whole company across its legal entities based on an average. Various factors will influence the gap such as the demographics of the workforce including the differences in our terms and conditions across our contracts.

Equal pay – men and women being paid the same for doing the same work or work of equal value. This is determined at an individual post level.

Organisations that identified a gender pay gap may not have equal pay issues and vice versa.