

Gender pay gap reporting

Nurturing a workforce built on equality, diversity and inclusion

We are committed to being an employer of choice and continually strive to create a diverse and inclusive environment that recognises and rewards our employees' achievements.

We aim to ensure that everybody has the opportunity to reach their full potential and we are passionate about providing our people with the opportunities and support they need to develop their careers and grow professionally as part of our company.

We want Arvato to be a place where people can bring their whole selves to work and that means making a consistent effort to attract an increasingly diverse candidate base. Alongside this, it means ensuring that we are creating opportunities for our employees to direct their career in a way that works for them.

We acknowledge that we are on a journey. We are committed to reducing our gender pay gap year-on-year and we are working on a number of initiatives, set out in this report, that aim to improve the development pathways for women in our business and boost gender diversity across the recruitment process. Despite the challenges of Brexit, Covid and the exceptional labour market nationally, we have achieved positive outcomes in terms of our Gender pay gap.

Our successes

We made important progress in closing our gender pay gap in the 12-months ending 5th April 2021 in both of our legal entities.

Overall, the gender pay gap mean across our business is 16% and there is no median pay gap.

In the individual entities of both Arvato Ltd and Arvato CRM Ltd, we are pleased to report a reduction in the mean pay gap and the median pay gap in Arvato Ltd has been reduced to zero. We are very proud of this achievement.

Arvato Ltd

2020	2021	
1%	0%	Median
20%	16%	Mean

Arvato CRM Ltd

2020	2021	
3.07%	4.01%	Median
2.36%	0.37%	Mean

Women represent 57% of our total workforce (compared to 56% last year and 54% in 2019) and they represent 51% of the total employees in the Upper Quartile across the whole of our business.

In both entities, the percentage of women in the Upper Quartile increased year-on-year in 2021. In Arvato Ltd it went from 45.9% to 50.2% and in Arvato CRM Ltd it went from 48.4% to 53.5%

Understanding our gap

This report includes the gender pay gap and bonus pay gap data for our two legal entities. We no longer have the third entity that was reported in previous years, which was Arvato Public Sector Services and consisted of our local government operations.

- Arvato Ltd - this consists of our corporate departments, our central government contract, Zara contact centre and Government Services contact centre.
- Arvato CRM Ltd – this consists of our private sector call centre business

Arvato Ltd is the entity which contains a high proportion of our senior and corporate function roles, and is also where our Zara and Government Services Contact Centres sit. We recognise that there is still work to be done in this entity. But we have made positive progress on closing both the mean and median gaps by April 2021, with the mean gap moving from 20% to 16% and the median gap moving from 13% in 2019 to zero by 2021.

This large change is due to a shift in workforce profile in this entity. The total number of employees increased by 308 between April 2020 and April 2021 and of the new starters, 68% were recruited to the lower and lower middle quartiles. This had the effect of moving the median point and the mean point for both male and female colleagues to a lower hourly rate.

The successful acquisition of a new contract in this entity resulted in an additional 165 new recruits into the lower middle quartile. This provided an opportunity to offer work from home contracts, which were taken up by 96 females and 69 males.

In Arvato CRM Ltd, the median pay gap has increased from 3% to 4% by 2021. However, the different job roles in this entity pay the same rate for males and females. Females make up the larger percentage of the workforce in this area (52%) and so even though the different job roles pay the same rate to both male and female colleagues, having more females in the group means that the median hourly rate now falls in a slightly different place for the female group. The mean pay gap is 0.37%.

Earnings pay gap - Hourly rate (Fig.1)



Our bonus gap

The bonus pay gap in our Arvato Ltd entity is the result of having a higher proportion of males in senior level positions and across highly specialist professions, such as IT and cyber security. The majority of roles in Arvato attract a discretionary bonus payment of 5% of salary. However, some senior and specialist roles attract a higher percentage bonus and the occupancy of the roles is predominantly male (63%).

Across the company, 82% of our colleagues who work part-time are female. As bonus is paid as a percentage of salary and there are more part-time females, bonus payments to women are generally of lower value due to being calculated as a percentage of annual salary. This is more apparent in the Arvato Ltd entity where the majority (59%) of part-time colleagues sit and within this group, 84% of part-time colleagues are female.

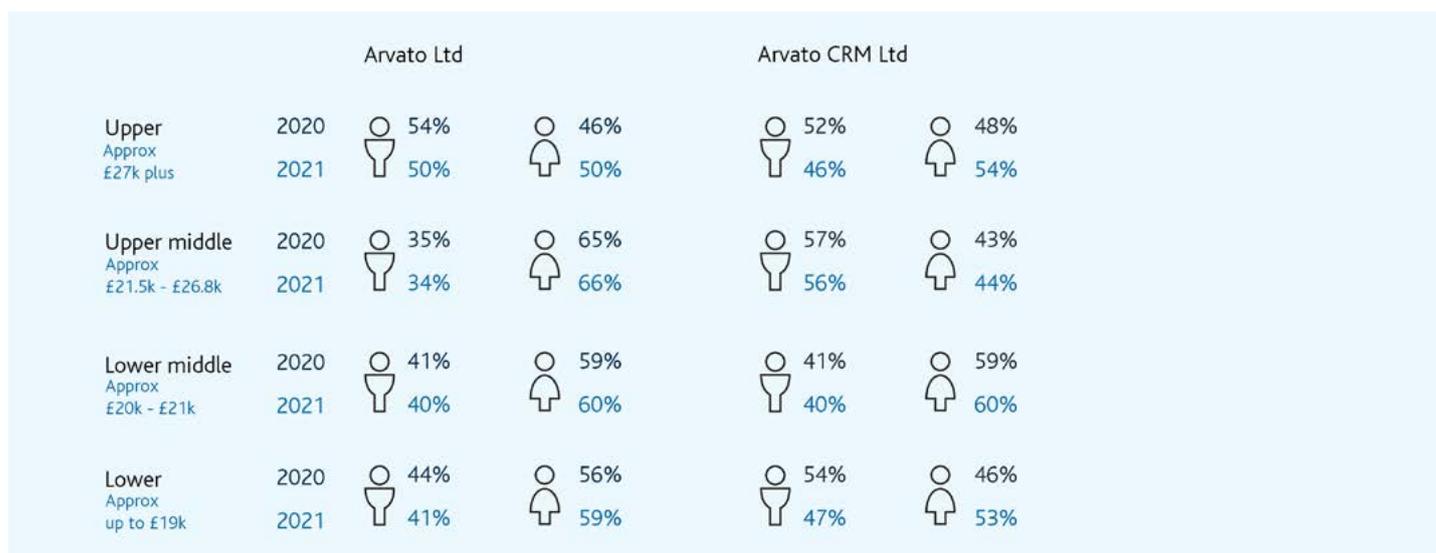
In the Arvato Ltd entity, the percentage of men and women receiving a bonus is 44% and 40.5% respectively. There is a mean gap of 40.5%, however, the median bonus pay gap in this entity has reduced from 27% to 2% over the reporting period.

In Arvato CRM Ltd, there is a slight difference in the percentage of males and females who received a bonus payment, with 11.6% of males and 7.1% of females receiving a bonus. However, the mean value of the bonus payment was higher for females giving a negative mean bonus pay gap of -22%. The median bonus pay gap in the entity was zero.

Bonus pay gap (Fig.2)



Arvato quartile distribution (Fig.3)



Closing our gap

Building on our progress

We have made good progress since the last report and we now have a median pay gap of zero across the whole of the business, which is an excellent achievement that we are very proud of.

We recognise that there is still plenty of work to do, particularly with the bonus pay gap. Tackling the gender pay gap is a long-term challenge and while it will take several years before our actions are truly reflected in the data, we are working hard to identify and implement ways to attract and retain more women into our business, particularly at a senior level.

Our focus is not solely on gender pay but ensuring that all our people are able to thrive in an environment that fosters inclusion at all levels in each of our businesses and provides them with the flexibility they need to succeed.

What do we already do?

We have introduced a range of policies in recent years to continue to develop a supportive, diverse and inclusive environment for our people:

- We have introduced family friendly policies, such as enhanced maternity and paternity policies and shared parental leave.
- We have supported the majority of our colleagues to be able to work from home during the last two years in light of the Covid-19 pandemic, supplying equipment and putting engagement initiatives in place to provide a continued sense of belonging, together with mental health and wellbeing support.
- Colleagues have the right to request flexible working options, which include home working, working from different locations, a compressed week and reduced hours. We are also currently developing a Hybrid Working Policy.
- We have introduced holiday purchase schemes that allow employees to buy additional leave to enhance their work-life balance.
- We have introduced a Menopause Policy with additional initiatives such as Line Manager training on the subject, live chats with the CEO and also with Menopause Specialists. We have also introduced an online support forum as a way to support our female colleagues to discuss their menopause journey and to help them to remain and to thrive in their role.

A pipeline of new initiatives

We have committed to a number of long-term plans which will enable us to maintain our pay and improve our bonus gaps:

Recruitment and succession planning

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. 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 undertake regular reviews of our pay procedures and bonus scheme policies to ensure they are applied equitably.

Colleague engagement

We want to reward and recognise the great work our colleagues do for our business, while celebrating their success and giving everyone a voice. Our '100% You' Initiative runs throughout the year with nominations for awards with a different focus each month. We have also launched our CEO Club. CEO stands for Coaching, Empowerment and Opportunity and is a chance for entry level employees to be part of a programme designed to coach and empower colleagues to become more confident and in control of their own development and, importantly, it gives them the opportunity to increase their visibility within Arvato. There is also a focus on where participants want to be in their career in years to come and support for them to create an action plan on how they can get there.

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 for our apprenticeship schemes, particularly in areas such as IT, where women represent a small proportion of our workforce. In the snapshot data, 57% of our apprentices are female.

A culture of diversity and inclusion

The key driver for us is to ensure we attract a diverse applicant pool, while developing and promoting our existing talent. This is essential for the future success of the business and for 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 and ensure our employees are fully engaged with the range of benefits on offer to them. We believe that over time, our commitment to fostering inclusion, fairness and flexibility will be reflected in our gender pay gap figures.

But it's not just about closing the pay gap; it's about building a strong foundation for individual and organisational growth by ensuring that the people who work for us feel a sense of belonging and that we value everyone for the differences they bring. To progress in the right direction requires a concerted effort at every level of our business and at every point in the employee lifecycle, from recruitment through to progression opportunities and how we retain our people by keeping them engaged.

Final quote from Debra

We are making strong steps forward in improving diversity, equality and inclusion across our business and have closed our median gender pay gap. But we know that we must continue to do more to deliver our objectives.

We have a long-term strategy to meet this challenge, which is focused on actively engaging with our people to ensure we attract, develop and retain a diverse and talented workforce in a culture where they can grow and be themselves.

Signed by:



Position: CEO

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