

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.

Overview

We have restructured our business this year, which has affected our workforce profile – we have more information how that has influenced 2022's figures, below.

We made important progress in closing our mean gender pay gap in the 12-months ending 5th April 2022. The mean gender pay gap across our business is 10%, compared to 16% in 2021.

Our median pay gap has moved from zero to 3%. This is due to the fact that we have more female than male colleagues. Many of our roles pay a 'rate for the job' and this rate is paid regardless of gender so because we have more female than male employees, this puts the mid-point (median) in a lower place for our female colleagues.

2021	2022	
0%	3%	Median
16%	10%	Mean

Women represent 55% of our total workforce and they represent 51.5% of the total employees in the Upper Quartile across the whole of our business. The percentage of women in the Upper Quartile increased year-on-year in 2022 from 50.2% to 51.5%

Understanding our gap

This report includes the gender pay gap and bonus pay gap data for our business as a whole.

Because we have restructured our business into one legal entity this year, we no longer have the two separate legal entities – Arvato Limited and Arvato CRM Ltd – that were reported in previous years.

Our business now consists of our corporate departments, our central government contracts, government services contact centre and our private sector call centre business. Previously, the private call centre business sat under 'Arvato CRM Ltd'. All other work was delivered under 'Arvato Limited'.

The re-structure has resulted in a shift in the overall workforce profile in our business. In 2021, there were 437 employees in Arvato CRM Ltd and 898 employees in Arvato Ltd, making a total of 1335 employees. In 2022, the business is being reported as a whole (1295 employees), which has had the effect of moving the median point for female colleagues to a lower hourly rate.

Our median pay gap has increased from 0% to 3% year-on-year between 2021 and 2022. However, many of the different job roles pay the same rate for males and females. Females still make up the larger percentage of our workforce (55%) and so even though many of the different job roles pay the same rate of pay to both male and female colleagues, having more females in the organisation (55% of the employees) means that the median hourly rate now falls in a slightly different place for the female group.

Earnings pay gap - Hourly rate (Fig.1)



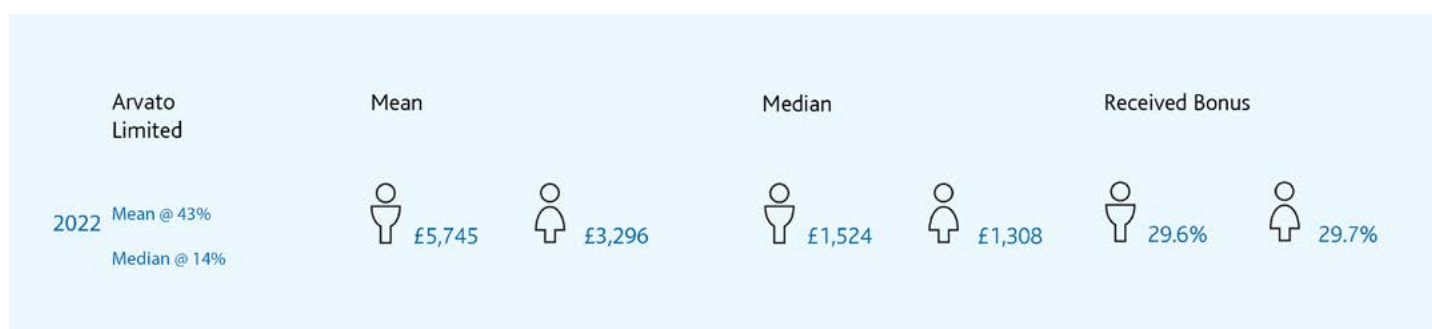
Our bonus gap

The bonus pay gap 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. Some 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 that attract a higher percentage bonus is predominantly male (61%).

Across the company, 92% of our colleagues who work part-time are female. As bonus is paid as a percentage of salary and the majority of part time colleagues are female, bonus payments to women are generally of lower value due to being calculated as a percentage of annual salary.

The percentage of men and women who receive a bonus payment is 29.6% of men and 29.7% of women

Bonus pay gap (Fig.2)



Arvato quartile distribution (Fig.3)

		Male	Female
Upper £26,208 plus	Upper	48.5%	51.5%
Upper middle £21,800 - £26,208	Upper middle	44.1%	55.9%
Lower middle £20,300 - £21,700	Lower middle	49.5%	50.5%
Lower Up to £20,000	Lower	39.5%	60.5%

Closing our gap

Building on our progress

We have made good progress since the last report and we now have a mean pay gap of 10% compared to 16% previously. This 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 of our people are able to thrive in an environment that fosters inclusion at all levels 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 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.
- We have set up business for new clients on a 'work from home' basis to provide flexibility for colleagues, and will continue to support home working via a hybrid working model. Colleagues have the right to request flexible working options, which include home working, working from different locations, a compressed week and reduced hours.
- We have increased the number of Mental Health First Aiders in our business and have provided training and support for them
- We have holiday purchase schemes that allow employees to buy additional leave to enhance their work-life balance.
- We have 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.

It's our differences that makes our organisation stronger, and we work to ensure that all our colleagues' voices are heard and that their aspirations are nurtured in a culture where people can grow and be 100% themselves every day, no matter their age, sex, gender, disability, ethnicity, sexuality, neurodiversity, or religion. Not only are we a Disability Confident Committed Employer, but we also believe in continuously strengthening our female talent, standing with the LGBTQI+ community and celebrating our multicultural workforce. Our commitment to inclusion means that everyone is welcome at Arvato.

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. Importantly, it also 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 continues to be a key focus for our business. Along with continuing to strengthen our established apprenticeship programme, we have introduced a 24-month graduate programme to develop future leaders. We are focused on being a socially conscious employer and as a result are introducing initiatives to ensure development opportunities have the widest reach possible – particularly for those who face barriers to employment. We will continue to partner with local schools, colleges and communities to encourage females and applicants from under-represented groups for our apprenticeship schemes, particularly in areas such as IT, where women represent a small proportion of our workforce. In the snapshot data, 50% of our graduates 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.

We have recently expanded our footprint into South Africa and have also joined forces there with a career creation initiative to launch a new executive mentoring programme. The 'Future Shapers' programme will see senior managers mentor female facilitators on topics from personal branding to organisational dynamics, over the course of a year. The organisation in South Africa shares our belief of inclusivity and diversity in the workplace.

It's helping its students smash barriers to employment and turbocharge their career development, making an impact that goes far beyond one person. The programme is part of Arvato's commitment to having a positive social impact, alongside ensuring the health and wellbeing of employees; supporting local and national charitable initiatives, including Mind and Alzheimer's Society; and offering all employees an annual Charity Day.

Final quote from Debra

We are making strong steps forward in improving diversity, equality and inclusion across our business and have reduced our mean 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.



Position: CEO

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