

Draft narrative to support Gender Pay Gap Reporting

Gender Pay Gap Results

The table below shows our gender pay gap based on hourly rates of pay at the snapshot date of 5 April 2019. It also shows the difference in bonuses paid in the 12 months prior to 5 April 2019.

	Mean	Median
Hourly pay	4.4%	-0.6%
Bonus	37.2%	18.6%

There are a number of factors contributing to these pay gaps:

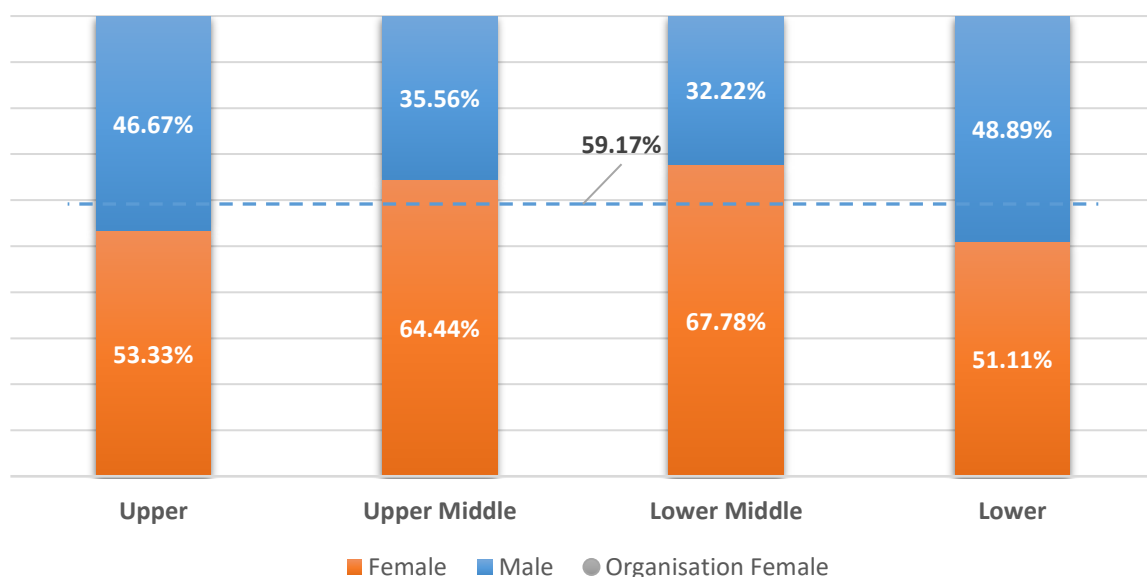
- Senior leadership positions tend to be higher paid and their overall remuneration includes a bonus due to the importance of rewarding performance in these roles. We have seen some improvement in this area over the last year which is reflective in the decreasing gap. Mean hourly rate has reduced from 23.4% to 4.4%. This is partly down to increasing the number of senior female leaders.
- Executive level roles tend to have fixed amounts for bonus where all other roles are a percentage of salary. The fixed amount tends to be a higher rate than percentage of salary in other roles. Now that we have more female executives there is a reduction in the gap.
- There are more women in entry level roles than men. Entry level roles do not tend to have a bonus element which would also impact the gap. However, we are actively trying to recruit more males into entry level roles.

Percentage of men and women awarded a bonus

In the 12 months prior to 5 April 2019, 68.7% of men and 74.2% of women received a bonus.

Pay Quartiles

Gender Pay Quartile Figures



These quartiles show the highest paid quartile is an almost 50% split between men and women (with women at 53.3% and there are more women in the upper middle, lower middle and lower paying roles.

Difference between equal pay and gender pay gap

Equal pay deals with paying men and women equally for doing the same or a similar job. Gender pay gap reporting is broader and shows the difference in average pay between all men and women in the company at all levels and does not take into account the nature of people's jobs or seniority.

We are committed to treating women and men fairly and ensuring they are rewarded in the same way for doing the same job.

Since these figures were captured, we have introduced a new, clearer compensation framework across our business. Towers Watson carried out a benchmark exercise in the market for each of our job titles to give us a guide of the appropriate pay banding. We then checked every employee's salary to make sure they fitted within the bandings. The final piece was looking at location and adding a premium allowance for geographical areas with a higher cost of living. The new bands and bonus structure were created and implemented in February 2018. A series of meetings and webinars were carried out with managers to ensure they follow the correct process. Finance, Internal Recruitment and HR work in partnership to ensure the correct process is fairly implemented and transparent. We also review our compensation framework every 2 years to ensure the bands increase with the cost of living.

We also have in place clear salary points relevant to the role and level. We have an annual performance review cycle which is applied equally to all men and women relevant to the individual's performance for the year. There is a moderation process in place for independence and unbiased perspectives and this is a clear way for us to eliminate any manager bias that could be in place. The rating system then translates into a clear annual reward structure where % pay increases and annual bonuses are awarded on a sliding scale against the relevant performance ratings. Top performers will therefore receive a higher pay increase and bonus regardless of gender.

Our plan for tackling the gender pay gap

We are prioritising this issue and putting a range of initiatives in place to address it. Some of these plans include:

Hiring - we are working closely with our leaders and hiring managers to evolve and diversify the hiring profile of talent we bring into our business. We are also reviewing our core hiring processes – in particular, the questions we ask at interview and the candidate experience to help drive a culture of open minded behaviour throughout the recruitment process.

Retention - we are running clearer, more rigorous and frequent reporting to understand why people are leaving our business. This is both quantitative and qualitative and will help our leaders (supported by Human Resources) better understand people's reasons for leaving, use the data in a proactive way, start to solution the issues and have clear plans in place to address the challenges in their business.

Employee Resource Groups - We have set up groups to remove conscious bias. All our ERG's are set up and driven by employees based on the areas they feel are important to them. Each group is assigned an Executive Sponsor as an advocate for the ERG who attends events to reinforce the importance of the ERG and supports getting finance for promoting events arranged by the ERG.

Diversity & Inclusion (D&I) - We have had a Diversity & Inclusion Council in place for the last five years which is a group of men and women across our business from a variety of different backgrounds, levels and roles who are committed to driving a clear I&D agenda. The aim is to create

awareness, challenge behaviours and bias, as well as support the business on evolving gender diversity. Our D&I council is focussing on increasing the attraction, retention and promotion of diverse candidates. We have also recently restructured our Diversity council to align to changing market place and employee needs.

Employee Engagement - In 2019 we ran an employee engagement survey and on the back of the feedback each leader has a clear people plan in place to work on this year and beyond. These contain some consistent priorities such as evolving our culture; diversity in hiring; managing attrition; improved people management; talent management and development of emerging leaders. The engagement score came out at 87%, which is above what is deemed as a high score.

Leadership Development – We are continuing to invest in a great Leadership Development programme and this year we are putting 40 of our emerging leaders through this important programme so that we are continuing to build and develop our talent and have leaders of the future with broader perspectives and diversity of thought.

Talent Management - During 2019, the HR team have established a talent management and succession planning process to help us identify gaps we need to address and be able to have a better view on what we need to do to keep giving opportunity to our people in a fair and transparent way.

I confirm that the published information is accurate:

Cathy Coles

Director

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