

Post Office Limited

Equality Pay Gap Report 2023





Introduction from Nick Read

This is our seventh year of reporting our Gender Pay Gap figures and the third year that we're voluntarily reporting our Ethnicity Pay Gap.

At Post Office, we actively promote equity, create an environment of diversity and foster a culture of inclusion. Our aim is to create a workplace that reflects the diverse communities in which we live and work, the customers we serve and where the things which make us different are accepted, valued, and celebrated.

I am encouraged that our mean Gender Pay Gap has continued to improve year on year, albeit slower than I might have hoped; from 16% to 15% due to increased representation of women at senior-level grades. Our median Gender Pay Gap remains unchanged at 11%.

Our mean Ethnicity Pay Gap has also improved from 11% in 2022 to 8% in 2023 and our median Ethnicity Bonus Gap remains near flat, at -1%.

Whilst I am pleased to see gradual improvements, we recognise that these Pay Gaps exist because of current representation at senior levels. I am committed to continuing to improve this so that Post Office can benefit from the advantages that greater diversity brings.

What is the 'Pay Gap'?

Pay Gap

Equal Pay

The 'Pay Gap' is a measure of the difference in the pay of men and women or people from a diverse ethnic background across our entire organisation, regardless of the nature or level of their work. It is important to remember that this is different from an equal pay comparison, which involves a direct comparison of two people or groups of people carrying out the same role or doing work of equal value.

There can be many reasons for a Pay Gap which do not automatically signify unequal pay. At Post Office we support equal pay by using a robust job-evaluation process which is free from bias for all our management roles. Roles below management level are covered by collective bargaining agreements over pay.



How do we measure our Gender and Ethnicity Pay?



Key areas of report

Our Gender Pay Gap and Ethnicity Pay Gap calculations report on these two main areas of our reward offering.



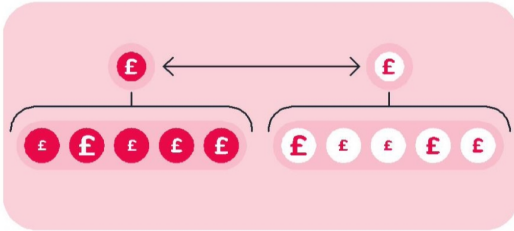
Hourly pay



Bonus pay

Under the current legislation, we are required to report on specific statistics, and to aid understanding we have included an explanation of what these represent.

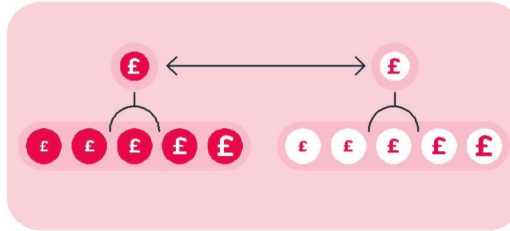
Mean



Mean Gender or Ethnicity Pay Gap

To calculate our **mean Pay Gaps** we take the **average hourly pay** of all our **male colleagues** and compare this to the average hourly pay of all our **female colleagues**, irrespective of job role or seniority. We also calculate the same by looking at the average hourly pay of our colleagues from diverse ethnic backgrounds in comparison with our white colleagues.

Median



Median Gender or Ethnicity Pay Gap

The best way to understand the **median Pay Gap** would be to imagine if all our **male colleagues** lined up in a row from the **lowest to the highest paid** and the same with all our **female colleagues**. The pay of the colleague in the **middle of the line** would be the “**median**” for male and female colleagues respectively. Our median Gender Pay Gap is then the difference between the **middle male colleague and middle female colleague**, expressed as a percentage. We calculate the median **Ethnicity Pay Gap** in the **same way** by comparing the median for our ethnically diverse colleagues with the median for our white colleagues.

Quartile



Quartile pay bands

The pay quartiles represent the pay rates of **all colleagues**, from the **lowest to the highest**, split into **four equal-sized groups**, comparing what percentage of male and female or white and non-white colleagues make up each quartile.

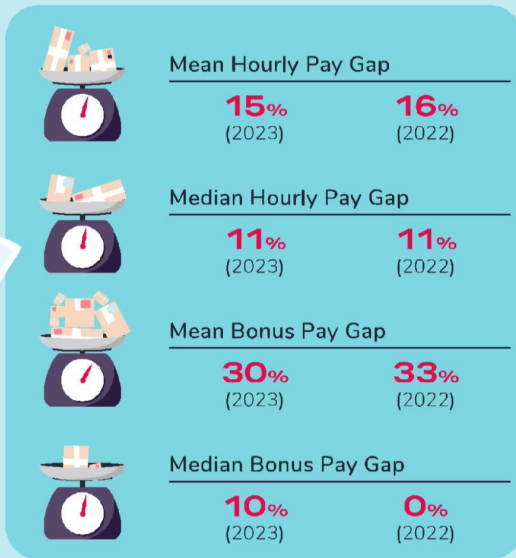


Mean and median Gender or Ethnicity Bonus Gaps

The **mean and median Bonus Gaps** are calculated in the **same way as the Gender and Ethnicity Pay Gaps**. Instead of using hourly pay we compare bonus payments made to colleagues across our snapshot period. It is worth noting that the prescribed method of calculating this metric looks at actual bonus values paid, rather than full-time equivalents, as with the base ‘pay’ metrics; and so the measure of this gap is often distorted as it doesn’t take into account the relativity of (lower value) bonuses paid to part-time colleagues, many of whom are female.

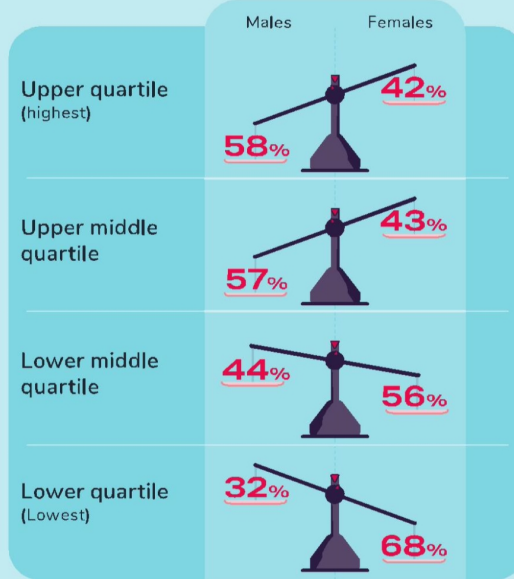
Our results are based on data taken at the 'snapshot' date of 5 April 2023.

Our Gender Pay Gaps

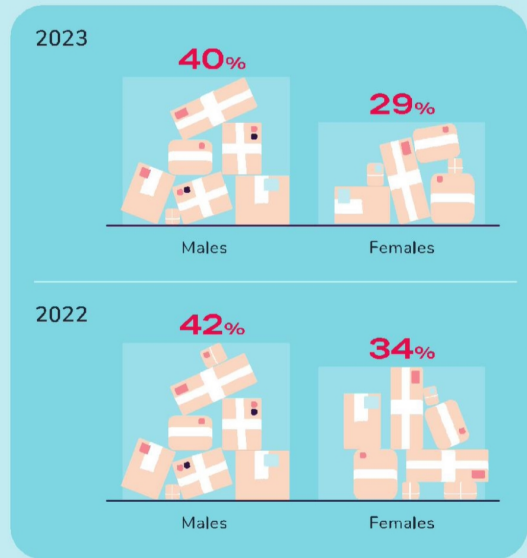


The tables show our overall median and mean Gender Pay Gap based on the hourly rate of pay as at 5 April 2023. Our mean and median bonus gaps are based on data from the 12 months up to 5 April 2023.

Our gender quartile Pay Bands

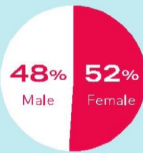


Our colleagues who received a bonus



Understanding our Gender Pay Gap

How is our workforce made up?



The structure of our workforce remains similar to the prior year. As a retail business we continue to offer flexible and part-time working opportunities, which often appeal to working parents or those with caring responsibilities or other demands on their time, many of whom are typically women.

A company's Gender Pay Gap is driven by the fact that there are more males than females occupying senior roles. At Post Office, this is further supported by our composition of **67% males vs 33% females occupying our most senior roles** at the highest grades. We know that there is still more work to do to ensure gender parity at the very highest levels within Post Office.

Our **median Pay Gap remains the same at 11%** but the stability of our workforce means that we have seen a small decrease in our mean Gender Pay Gap.

In this reporting period it has decreased from 16% in 2022 to



Bonus Pay Gap

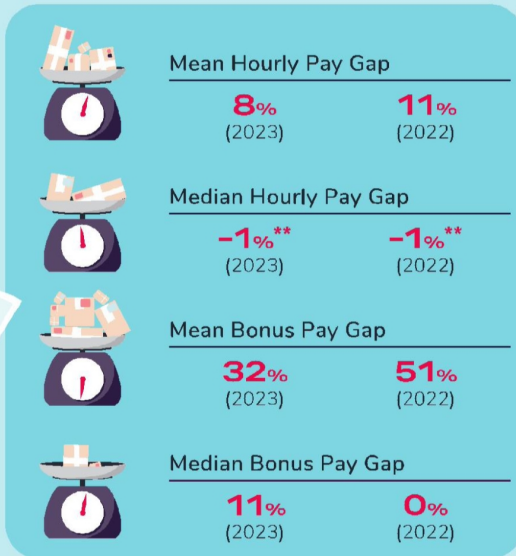


Only 34% of our colleagues are eligible to participate in the annual bonus scheme with 55% of these bonus-eligible roles occupied by male colleagues. This year the mean gap has reduced from 33% to 30%. This is driven by the 3% increase in female representation in our upper middle quartile.

In our 2022 filing, we reported that Bonus Pay Gap had closed; this was due to the impact of the Covid pandemic which resulted in our colleagues receiving a flat one-off discretionary payment in 2021. Our results this year show that the median gap has increased by 10% as **eligible colleagues received a more 'normal' payment** under the terms of the annual bonus scheme.

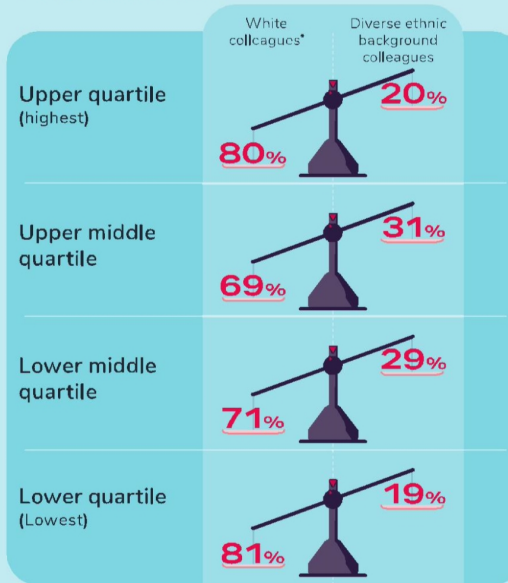
Post Office is committed to continuing to report our Ethnicity Pay Gap. We are pleased to be able to report for the third year running, ahead of legislation.

Our Ethnicity Pay Gaps



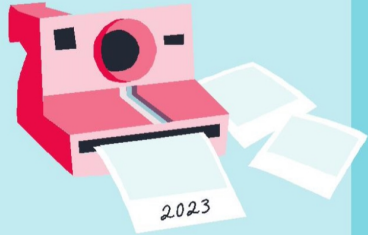
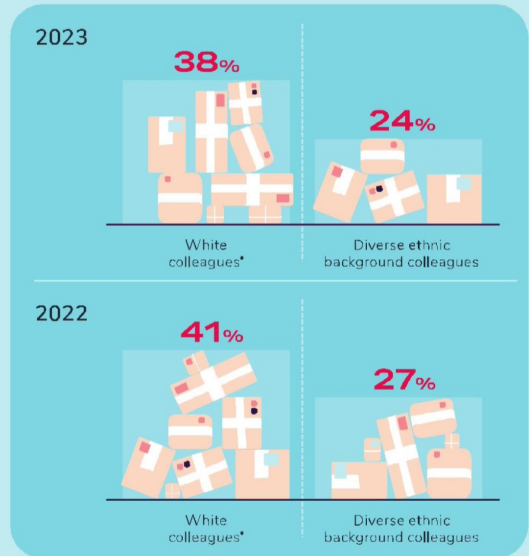
**A positive Pay Gap indicates that white colleagues are paid more; a negative Pay Gap indicates that those from a diverse ethnic background are paid more

Our ethnicity quartile Pay Bands



*(White British and White Other)

Our colleagues who received a bonus



The results are also based on data taken at the same 'snapshot' date as of 5 April 2023. As of April 2023, 92% of colleagues declared their ethnicity, with the remaining 8% preferring not to say, and our Ethnicity Pay Gap analysis is completed on this basis. We are reporting using the Office for National Statistics (ONS) two-factor classification, comparing White category (White British and White other) with those from a diverse ethnic background.

Understanding our Ethnicity Pay Gap

How is our workforce made up?



Looking at our overall figures, the mean hourly Pay Gap has decreased by 3% from 11% last year to 8% this year.



of the upper quartile are now from a diverse ethnic background, up from 18% last year.

Bonus Pay Gap

We have seen an increase in ethnic representation in both the upper quartile and lower upper quartile, which has attributed to the decrease in our mean Bonus Pay Gap from 51% to 32%.



Similarly to the Gender Bonus Gap, in 2022 we reported that our median Bonus Pay Gap had closed. This was due to the impact of the Covid pandemic, which resulted in our colleagues receiving a flat one-off discretionary payment in 2021. This year, the gap has increased to 11% as 'normal' bonus awards were made in 2022 in accordance with the scheme rules.

What we have done so far

At Post Office we recognise that closing the Pay Gap requires continuous work, and this is evidenced in the progress we have made during the past 12 months. Some of our key areas of progress are highlighted here:



Inclusive People Policies

We have reviewed our current policies and introduced new ones covering issues such as Menopause, Carers, Fertility Treatment and Pregnancy Loss, aimed at making Post Office a more inclusive employer.



Investment in external training certifications

We have invested in external 'Women In Leadership' training for high-potential women in the business to promote talent pipelines and create clearer routes for women to take up senior roles at Post Office.

We continue to invest in 'Future Ethnic Leaders', a leadership training programme for high-potential colleagues who come from a diverse ethnic background.



Equity, Diversity & Inclusion

We continue to be committed to our annual Equity, Diversity & Inclusion (ED&I) survey. This is a vital part of improving the experience for colleagues as it gives them a voice and is crucial in ensuring we identify areas for improvement for a more equitable and inclusive workplace. We are also seeing ever-growing visibility and importance placed on our various colleague ED&I forums and networks – enabling colleagues from all backgrounds and lifestyles to be their true and authentic selves and have the platform to build awareness, trust and mutual respect.