

# Post Office Limited

Equality Pay Gap 2024





## Introduction from Interim CEO, Neil Brocklehurst

This is our eighth year of reporting our Gender Pay Gap figures and the fourth 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 both the diverse communities in which we live and work and the customers we serve. Where the things which make us different are encouraged, valued and celebrated.

We have seen a slight improvement in our mean Gender Pay Gap which has improved from 15% to 13.5% year on year. Our median Gender Pay Gap remains unchanged at 11%.

Our mean Ethnicity Pay Gap has also improved from 8% in 2023 to 7% in 2024. Our median ethnicity bonus gap continues to be a negative pay gap and has increased from -1% to -2%.

Closing our pay gaps remains our strategic aim, and I am pleased to see continued year on year improvements in both our mean Gender and mean Ethnicity Pay Gaps towards this goal.

We recognise that pay gaps exist in part because of current representation at our most senior levels and that there is more work to do for the statistics to reflect meaningful change. I am committed to continuing the work so that Post Office can benefit from the advantages that greater diversity brings.

# What is the 'Pay Gap'?

## Pay Gap



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

## Equal Pay



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 grade 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

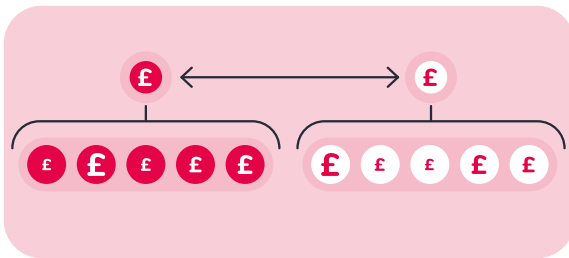


Bonus pay

We invite colleagues to declare their gender identity (M – Male, F – Female, U – Unknown, O – Other, D – Decline to disclose). In accordance with the legislation, the data relating to colleagues who do not choose to disclose their gender or who identify as non-binary is not included in the analysis for this report.

Under current legislation, we are required to report on specific statistics. To support the data reported, we have included an explanation of what these statistics represent.

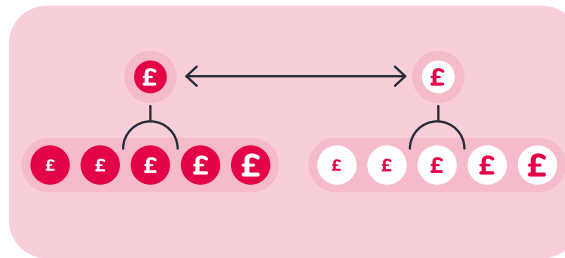
## Mean



### Mean Gender or Ethnicity Pay Gap

To calculate our **mean Pay Gaps** we take the **average hourly pay** of all our **colleagues who are men** and compare this to the average hourly pay of all our **colleagues who are women**, 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 **colleagues who are men** lined up in a row from the **lowest to the highest paid**. The pay of the colleague in the **middle of the line would be the "median"** for colleagues who are men. We would then do the same with our colleagues who are women to find the median there. Our median Gender Pay Gap is then the difference between the **middle colleagues who are men and middle colleagues who are women**, 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**. We can then compare what percentage of men and women or white and ethnically diverse colleagues make up each quartile.



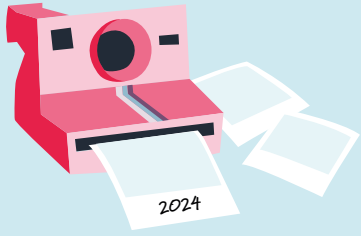
## Mean and median Gender or Ethnicity Bonus Gaps

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

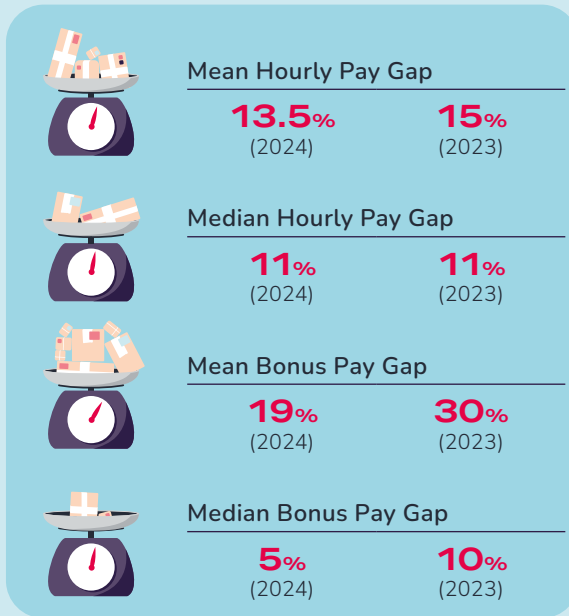
actual bonus values paid rather than how this would apply to a full-equivalent colleague. This can mean the measure of this gap can be distorted as it doesn't consider the relativity of (lower value, pro-rata) bonuses paid to part-time colleagues, many of whom are women.

## Our Gender Pay Gaps

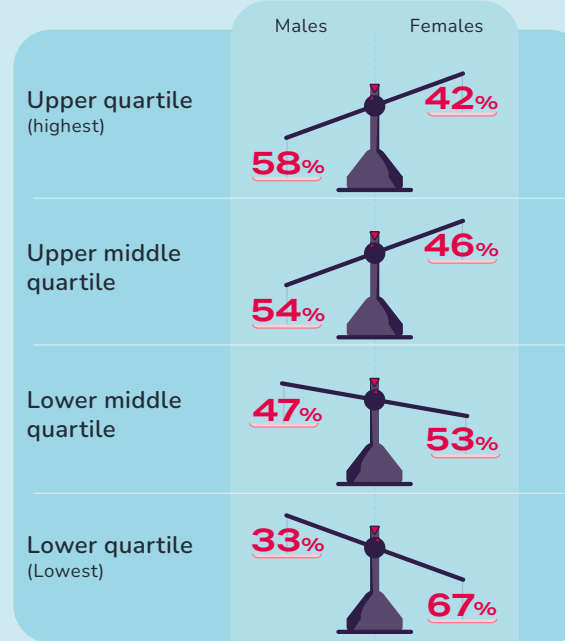
Our results are based on data taken at the 'snapshot' date of 5 April 2024.



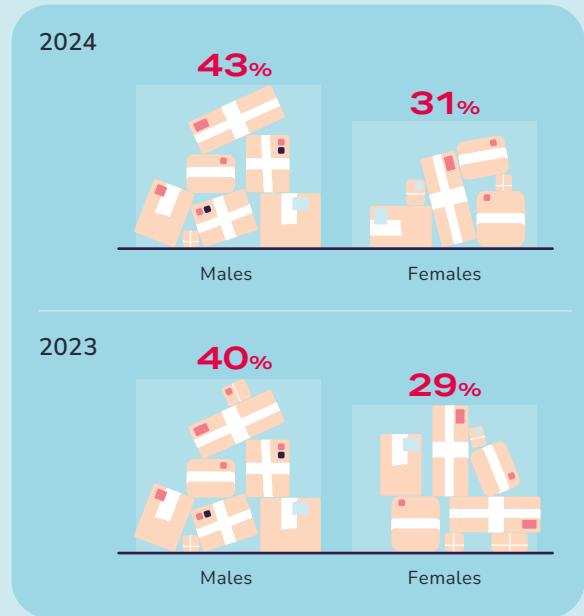
The tables below show our overall median and mean gender pay based on the hourly rate of pay as at 5 April 2024. Our mean and median bonus gaps are based on data from the 12 months up to 5 April 2024.



## Quartile Pay Bands

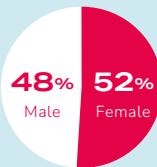


## Our colleagues who received a bonus



# Understanding our Gender Pay Gap

### How is our workforce made up?



The structure of our workforce remains the same as last year, with 48% of our workforce being men and 52% women. As a retail business we continue to offer flexible and part-time working opportunities, which often appeal to working parents or those with other demands on their time, many of whom are typically women.

Often a company's Gender Pay Gap is reflective of there being more men than women occupying senior roles. At Post Office the gender split in our most senior roles is 66% men and 34% women. While the mean pay gap has narrowed this year, the static median figure demonstrates that there is work still to be done to address the gender split at higher levels and promote greater diversity throughout the organisation.

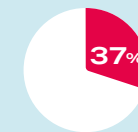
Whilst we have seen improvements in our pay gaps again this year, the pace of change is in part due to the stability of our workforce. Our **median Pay Gap remains the same at 11%**. The Gender Pay Gap has narrowed by 1.5% this year which can be attributed to a few causes:

There is a slight decrease in men in high-level positions while the number of women in senior positions remains unchanged.

The snapshot date falls in the same month where our non-management grade colleagues received an annual pay increase. For our management grade colleagues their annual pay review falls later in the year.



### Bonus Pay Gap



Only 37% of our colleagues are eligible to participate in the annual bonus scheme, and of those who are eligible, 56% are men.

This year the mean bonus gap has reduced from 30% to 19% and the median bonus gap has decreased from 10% to 5%. Whilst this is positive news, this single-year shift should be viewed in context. These significant decreases are driven largely by the company's lower outturn in the 2022/2023 Short-Term Incentive Plan scheme metrics. This resulted in reduced bonus payouts, particularly for those colleagues in senior leadership roles, which does affect the headline statistics. In recognition of the Covid pandemic, the company did not make any grants to colleagues under the 2020-2023 Long Term Incentive Plan. Had this plan been awarded it would have been due to pay out in this 2024 Equality Pay Gap reporting cycle.

Post Office continues to be committed to reporting on our Ethnicity Pay Gap, and this is our fourth year of sharing the outcomes.

## Our Ethnicity Pay Gaps



### Mean Hourly Pay Gap

**7%**  
(2024)      **8%**  
(2023)



### Median Hourly Pay Gap

**-2%\*\***  
(2024)      **-1%\*\***  
(2023)



### Mean Bonus Pay Gap

**18%**  
(2024)      **32%**  
(2023)



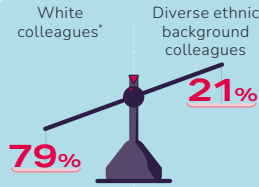
### Median Bonus Pay Gap

**5%**  
(2024)      **11%**  
(2023)

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

## Quartile Pay Bands

Upper quartile (highest)



Upper middle quartile



Lower middle quartile



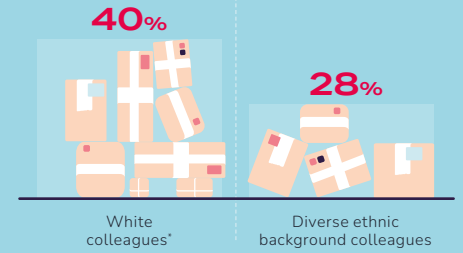
Lower quartile (Lowest)



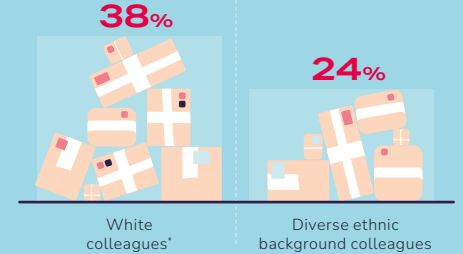
\*(White British and White Other)

## Our colleagues who received a bonus

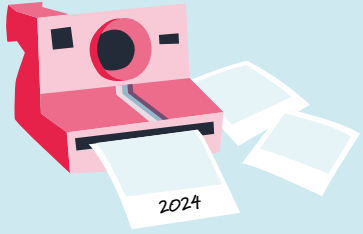
2024



2023



The results are also based on data taken at the same 'snapshot' date as of 5 April 2024 that is used for reporting on gender pay. As of April 2024, 92% of colleagues declared their ethnicity, with the remaining 8% preferring not to say, which provides a rich data source for analysis. We are reporting using the Office for National Statistics (ONS) two-factor classification, comparing 'White' category (White British and White other) with all other Ethnic Diverse Groups.



# Understanding our Ethnicity Pay Gap

## How is our workforce made up?



Colleagues who identify in the ethnically diverse group make up 25% of all Post Office colleagues.

The mean hourly pay gap has slightly decreased by 1%, from 8% last year to 7% this year.

The pay gap is largely driven by the higher proportion of white employees in senior positions. There has been a slight decrease in the percentage of white employees in higher-graded roles (from 92% last year to 89%), which could account for the slight change in the mean hourly pay gap. This is also reflected in the increase in the negative gap from -1% to -2%.



## Bonus Pay Gap

We have seen an increase in ethnic representation in both the upper quartile and lower upper quartile, which has contributed to the decrease in our mean bonus Pay Gap from 32% to 18%.



The median bonus has decreased from 11% last year to 5% this year. Similarly to the gender bonus gap, the reduction in the ethnicity bonus gap can be attributed in the main to the company's 2022/23 bonus scheme outcome, which resulted in reduced bonus payouts for higher-level positions.

# What we have done so far

At Post Office we recognise that closing our pay gaps requires ongoing focus, commitment, and effort. Some of our key areas of progress in the past 12 months are highlighted:



## Updated our Diversity Dashboard

We've included trend analysis information on the monthly Diversity Dashboard. This insight allows us to analyse and report on trend data in different functions and pay bands. We are then able to work on specific action plans to address any trends.



## We continue to invest in external training certifications

We have invested in external training for high-potential women and employees from ethnically diverse backgrounds in the business. We are working with an external company to provide training for 'Ethnic Leaders, Global Women Leaders, Ethnic Future Leaders and Aspiring CFOs'. This type of training ensures that we promote talent pipelines and create clearer routes for women and ethnically diverse employees to be prepared for senior roles at Post Office.



## Equity, Diversity & Inclusion Survey

We have integrated our ED&I survey into the business-wide Colleague Engagement Survey. This allows Post Office to analyse ED&I insights in granular detail so the business can design and focus its initiatives to address specific challenges that under-represented groups might face. It also allows Post Office to monitor the impact of any initiatives and interventions. The purpose of incorporating the ED&I questions into the Colleague Engagement Survey was to ensure that ED&I remains a responsibility and a focus for everyone in the business, and to hold business leaders to account for ED&I change and improvement in their business functions. The 2023/24 Colleague Engagement Survey had an 86% response rate.

# What we have done so far



## Introduced a new learning platform

This year we introduced a new learning platform with a large selection of new ED&I modules. Some of the new modules on offer include: “Do I Belong?: Exploring Imposter Syndrome”, “The Uncomfortable Conversation About Racial Inequity” and “Menopause: Starting the Conversation”. By introducing a broad range of ED&I modules we enable and empower our employees to educate themselves on topics that affect them personally or professionally, or that may simply be of interest to them.



## Senior Manager ED&I Objectives

In 2023 we introduced ED&I objectives for our senior manager population. All senior managers were required to record a SMART ED&I objective as part of their annual review. Giving our senior managers a mandatory ED&I objective ensures that ED&I is taken seriously and remains ‘front of mind’ throughout the year.

Looking towards the future, in October 2024, Post Office launched our 2024-2028 ED&I Strategy. The strategy is the foundation for us to deepen our commitment to becoming a truly inclusive and safe space for all. The ambition of the strategy is to be innovational, intentional and intersectional. We will do this through four key pillars: Accountability, Capability, Embedding and Postmaster engagement. By building an inclusive culture, Post Office seeks to become a great place to work for all. Our culture will be strengthened by our clear sense of purpose as we all work together to deliver the New Deal for Postmasters.