

methods III
AN ALTEN COMPANY

Gender Pay Gap Report



for 5th April 2023

Gender pay gap explained

We are pleased to present our second annual Gender Pay Gap report. The report reflects the position of the organisation within the year preceding the snapshot date of 5th April 2023.

There are 4 categories on which companies are required to report:

1

Mean and median gender pay gap for hourly pay

2

Mean and median gender pay gap for bonus pay

3

Proportion of men and women receiving a bonus payment

4

Proportion of women and men in each pay quartile

The requirement to report this data exists to assist companies in understanding any gaps in pay between genders that may be present and encourages them to take necessary actions to address them over time. The gender pay gap is significantly different to equal pay, which relates to the pay that women and men receive for the same role or comparable work.

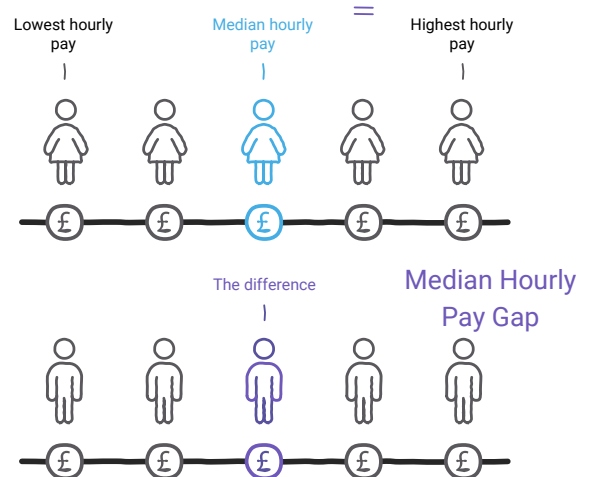
What data is included in this report?

Under current guidelines, the gender pay gap for hourly pay calculations should only consider “full pay relevant employees” at the date of reporting. This means that any colleague who was paid less than their usual rate, due to long term leave or other absence (such as maternity leave), is not included in this data.

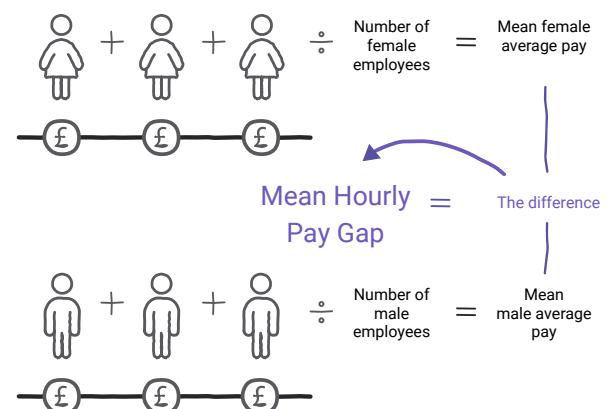
As this is our second year of reporting, we are now able to track changes in the four key categories described above, and use any changes observed to inform and influence our internal actions and plans in relation to these metrics.

The year to 5th April 2023 saw a significant increase of 30.5% in the number of relevant colleagues employed at Methods. In light of this, on the snapshot date of 5th April 2023, we had 372 relevant employees, of whom 9 were away from the business and not receiving their ordinary pay. This report therefore takes into account the 363 full pay relevant colleagues who we have reviewed for gender pay gap for hourly pay purposes. The percentage breakdown in terms of gender distribution was 59% men and 41% women (60:40 in 2022).

How we calculate the median gap



How we calculate the mean gap



Our gender pay gap for hourly pay

We are pleased to announce that as of 5th April 2023, the **mean gender pay** gap was 10.1% at Methods. This is down from the previous year's 16.8%, a significant improvement.

The **median gender pay** gap was 5.2%, also significantly down from the previous year, which stood at 14.4%.

In relation to our overall 59:41 employee split between men and women, there was also a slight improvement in the split within the upper pay quartile. There was an increase in women from the previous year: 25% to 28%.

As can be seen below, there was clear progression by women into the upper middle quartile, where the split in 2023 was 50.5:49.5 compared to 62:38 in 2022. Furthermore, the highest paid employee in 2023 was a woman.

Mean gender gap for hourly pay

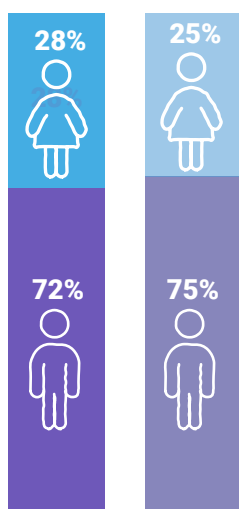
| 2023 | 2022 |
|-------|-------|
| 10.1% | 16.8% |

Median gender gap for hourly pay

| 2023 | 2022 |
|------|-------|
| 5.2% | 14.4% |

● Men ● Women

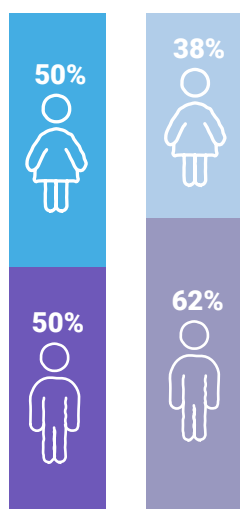
Upper quartile



2023

2022

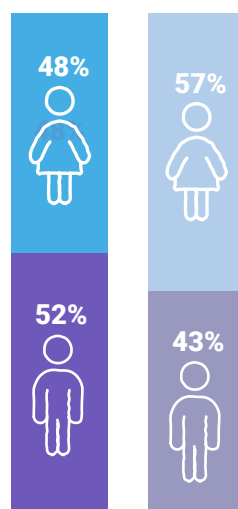
Upper middle quartile



2023

2022

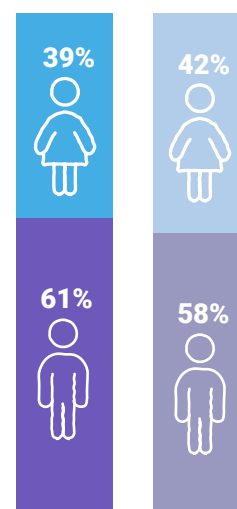
Lower middle quartile



2023

2022

Lower quartile



2023

2022

Our gender pay gap for bonus pay

Unlike the gender pay gap for hourly pay, which looks at the position on the Snapshot Day, the **gender pay gap for bonus pay** considers various payments made over the course of the 12 months to 5th April 2023. These include any payments related to:

- profit share
- commission
- bonuses
- incentives

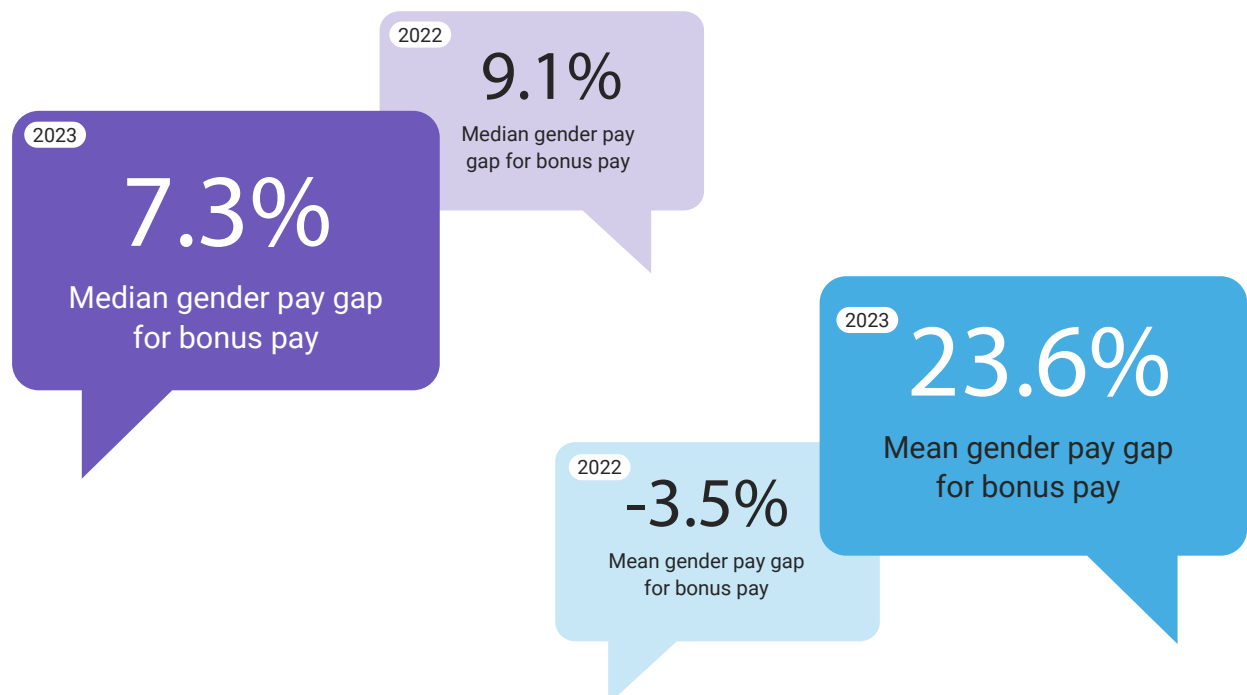
There was a minor movement in relation to the percentage of employees qualifying for bonus pay. 56% of men (2022: 55%) and 51% of women (2022: 54%), employed at 5th April 2023, received payment of this type in the preceding 12 months.

The **mean gender pay gap for bonus pay** unfortunately moved significantly during the year and was calculated at 23.6% (2022: -3.5%), reversing last year's position of women within the organisation receiving marginally higher bonuses. However, the **median gender pay gap for bonus pay** reduced from 9.1% in 2022 to 7.3% this year.

Percentage of colleagues receiving a bonus

| Women | |
|-------|------|
| 2023 | 2022 |
| 51% | 54% |

| Men | |
|------|------|
| 2023 | 2022 |
| 56% | 55% |



Explaining our pay gap

As this is our second year, our Gender Pay Gap report aims to provide a comparison on progress/changes from 2022 to 2023, and the drivers behind these changes. Our gender pay gap does not mean that women are paid less for doing comparable work, but reflects the impact of the distribution of men and women across our colleague base and highlights an under-representation of women at senior levels.

The narrowing of the Gender Pay Gap to 10.1% in 2023 was influenced by a number of factors, based on our analysis of the underlying data:

- For employees included in the analysis for both years, the average difference between hourly pay in 2022 and 2023 is higher for women than men. This in part reflects the movement due to promotions, shown by the increase of women in the upper middle quarter from 38% in 2022 to just under 50% in 2023.
- Two of the top 20 highest paid men, in our 2022 report, resigned from the business and the highest paid woman became the highest paid employee overall.
- The women within the organisation who changed from non-relevant to relevant status in the calculation for 2023 were above the median pay level. This contributed to the increase in mean pay.
- The increase in the number of women employed by the organisation (39%) between 2022 and 2023, was greater than the increase in men (30%).
- The mean distance from hourly pay to the median hourly pay for a woman that joined in 2023 was above the median. The mean for men was below.
- In relation to the calculation of the median, the mean distance from hourly pay to the median hourly pay for women that left between 2022 and 2023 was lower from the median than men.
 - The combined effect and interaction of the last 2 points above mean that, on average, the women who left during the year were lower paid than the men that left. The women who joined were higher paid than the men who joined in the year.

A minor contributory factor in the mean gender pay gap for hourly pay analysis is pension contribution and salary sacrifice. Under current guidelines, where there are two colleagues on identical salaries, but one has decided to invest in their pension through the company's salary sacrifice scheme (thereby increasing their actual take home pay), the calculation uses a different base salary number for each. The net salary *after* the salary sacrifice is used for the latter, resulting in a higher salary for the colleague not contributing to their pension via salary sacrifice, which in practical terms is not the case.



The proportion of both men and women showing as receiving bonus in the gender pay gap for bonus pay calculation is lower than we would want, and there was an unwelcome decrease in the percentage of women qualifying. The majority of colleagues participate in a profit-sharing scheme.

Under the profit share scheme guidelines, a material number of people were not eligible to receive a payment in the 12 months to 5th April 2023. Additionally, whilst bonus payments were down across the board, proportionally fewer women qualified to receive the a bonus in 2023 as compared to relevant men employed within the organisation.

Addressing our gender pay gap

We are pleased to see an increase in women represented in the upper middle quartile, but we remain mindful that the most significant factor in our gender pay gap is the under-representation of women, particularly in senior roles. As detailed in last year's report, we have a number of ongoing initiatives in progress that are aimed at re-balancing this split:

1 During the year we have established a DE&I Advisory Group that will act as a conduit between our colleague base and senior management. The advisory group is dedicated to considering and then advising the business on initiatives that will support us as we look to grow and attract the best possible talent from as diverse a background as possible.

2 We continue to keep our Family Friendly policies under review to ensure we remain an employer of choice for potential candidates to which these policies may apply. The attractiveness and success of these policies can be seen in the increased difference between the number of relevant employees in the year and those included in the analysis. We believe that these policies continue to offer industry leading levels of financial support to colleagues at important moments in their lives when they are looking to start or grow their family whilst working at Methods.

3 We continue actively to promote ourselves as a career destination for women, running content-related outreach initiatives, including both written and audio content as well as external events, that actively encourage and promote the work of women in industry. Additionally, in both our website and social media content we look to break the mould by including inclusive images in what can be traditionally seen as male dominated tech roles. We also run a Women and Non-Binary Community of Interest, to provide a safe space for open discussion and support.

4 Mindful that we will not be able to resolve the lack of women in senior roles through recruitment alone, we are keen to grow and develop our internal talent, focusing on improving communications around internal opportunities to ensure that women in our organisation are aware of all opportunities for promotion and feel empowered to apply for more senior roles. The initial results of this can be seen in the improvement of women represented in the upper middle quartile numbers.

6 We promote flexible working through our adoption of a hybrid working model. This has better balanced home/office working, benefitting everyone across the company, and we believe this removes a potential impediment to women applying to work with us, including those looking to return to work after a career break.

5 In relation to outreach, we continue to work with educational institutions offering sessions on career planning, CV writing, and interview techniques, looking to attract women into STEM roles and actively recruiting from more disadvantaged backgrounds.

7 During the year, we completed a comprehensive skills matrix project. This captures, reviews, and calibrates the professional skills of all colleagues in the company to enable focused training and development to enable greater opportunities for advancement within the organisation.

Declaration

The information in this report relates to the colleagues of Methods Business and Digital Technology Limited as at the government Snapshot Date of 5th April 2023. The gender pay gap relates to pay received in April 2023. The gender bonus pay gap relates to variable payments made in the 12 months to 5th April 2023. I confirm that the gender pay gap data in this report is accurate.

Mark Hewitt, Chief Operating Officer.

