

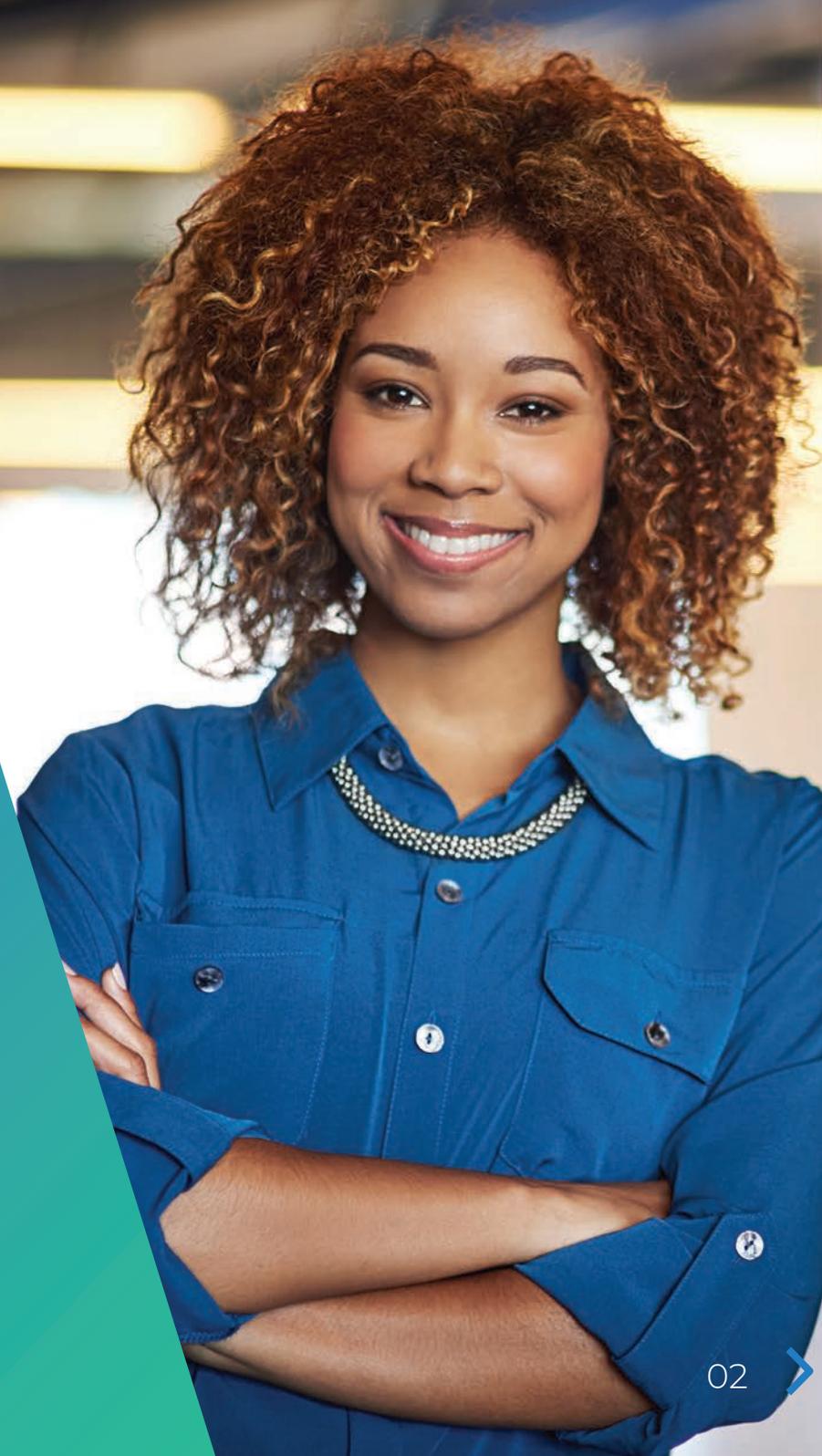
Ethnicity Pay Gap Report

2021



Contents

| | |
|---|----|
| Introduction | 03 |
| Ethnicity definitions and classifications | 04 |
| Ethnicity pay gap reporting explained | 05 |
| Our people | 06 |
| Our results | 07 |
| Understanding our ethnicity pay gap | 09 |
| Addressing our ethnicity pay gap | 10 |



Ethnicity pay gap report

I am pleased to publish the first analysis of the ethnicity pay gap for Seetec. This is an important step in our continuing work to support equality, diversity and inclusion. Being open about our pay gap, demonstrates our commitment to holding ourselves to account and driving positive change across our business.

At Seetec, we believe in creating an inclusive workplace by encouraging people to express their individuality, experiences, cultures, approaches and views. We believe in employing and supporting people from all backgrounds and demographics, and will strive to represent the diversity of the communities we work in.

As part of our Inclusive by Nature - Equality, Diversity and Inclusion Strategy, and as a signatory to the Race at Work Charter, we have committed to publishing an Ethnicity Pay Gap Report annually. Therefore, this is our first ethnicity pay gap report, reflecting

data taken as of 31 March 2021, and our accompanying narrative. It includes all legal entities within the Seetec Group as at that date; Seetec Business Technology Centre Ltd, Seetec Employment and Skills Ireland DAC, Kent, Surrey and Sussex Community Rehabilitation Company, Seetec Pluss Ltd, Pluss Community Interest Company and Seetec Outsource Training and Skills Ltd.

Whilst we are not legally obliged to report our ethnicity pay gap data, reporting on this is an important step in our journey towards further improving ethnic diversity amongst our people. It is an important tool to inform our future actions. By making this data transparent we want to shine a light on those areas which need more intervention and I hope that this report will help us to build on the good practice we have implemented so far.

In terms of our first set of data, and therefore starting position, our median pay gap is 2.66%. Our plan is to measure and track this data annually to measure progression, and our ambition is for our ethnicity pay gap to be at zero. Whilst focusing on improving overall representation across our organisation is a priority, we can make a significant difference to our pay gap by increasing representation at both management and senior management levels.

However, perhaps the most meaningful and sustained reduction in our ethnicity pay gap will be achieved through our work on implementing our Inclusive by Nature Strategy and accompanying EDI action plan. We know that this is the start of a journey, an expression of our commitment to address our ethnicity pay gap and that it will be the effectiveness of our identified actions that will make the difference over time. We have outlined some of these actions at the end of the report.

I encourage all colleagues to read this report and encourage critical reflection across our businesses about how our colleagues from ethnic minority backgrounds are represented in our recruitment, supported in their roles, and rewarded for their contribution.



A handwritten signature in black ink that reads "Sasha Ashton".

Sasha Ashton,
Group HR Director

Ethnicity Definitions and Classifications

In this report, we compare pay for our colleagues from ethnic minority backgrounds to pay for White colleagues.

For the purposes of this report ethnic minorities is defined as all ethnic groups except White ethnic groups. It does not relate to country of origin or affiliation and comprises all Mixed, Asian, Black and Other (non- White) ethnicities. White ethnic groups comprise White British; White Irish; and Other White.

In order to calculate an overall ethnicity pay gap, we have grouped together ethnic minority colleagues and compared their salary with colleagues who are White.

However, we know that categorising colleagues in this way poses several challenges: for example, it inaccurately suggests that colleagues have the same experiences or level of representation. We recognise that any nuances would be lost by grouping all ethnic minority colleagues into one and overall figures could be masked if one or two people from ethnic minorities occupy more senior positions. It is our ambition to explore these issues further in future, as we develop our reporting.



Ethnicity Pay Gap Reporting Explained

As ethnicity pay gap reporting is not yet a legislative requirement, there are no guidelines or best practice for how to calculate the data. We expect this will change in coming years and are proactively choosing to take the opportunity to analyse our ethnicity pay data. However, we currently report our gender pay gap and for consistency, comparison and ease of understanding we have followed the same methodology.

The ethnicity pay gap shows the difference in the full-time equivalent earnings between ethnic minority colleagues and White colleagues, expressed as a percentage of the average earnings for White colleagues. An ethnicity pay gap can be driven by a number of factors including, crucially, a lack of representation in senior positions.

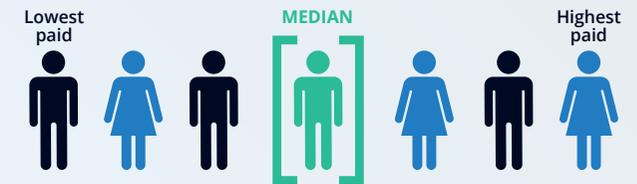
Pay gaps are often reported using both the median and the mean averages – which is what we have done in this report.

It is important to note that the pay gap is different from the issue of equal pay – namely the legal requirement to pay two individuals the same for equal work – which is governed by the Equality Act. This means that even when pay is equal there may still be an ethnicity pay gap. Seetec has always been committed to ensuring that we treat people fairly and do not pay colleagues differently for doing the same or equivalent work and our pay structures reflect this.

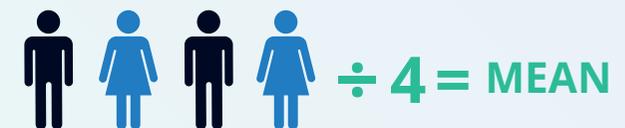
Distinguishing between Median and Mean

The **median gap** is calculated based on the difference between the colleague in the middle of the range of ethnic minority salaries and the middle colleague in the range of White salaries. We rank our ethnic minority colleagues and White colleagues separately, from the lowest to the highest paid, the middle-paid colleague in each group is the median and the difference is expressed as a percentage. A positive figure indicates there is a pay gap with

White colleagues earning more than colleagues from ethnic minority backgrounds and a negative figure indicates a pay gap with ethnic minority colleagues earning more than White colleagues.



The **mean gap** (or average) is calculated based on the difference between the mean salary for ethnic minority colleagues and mean salary for White colleagues. It is calculated by adding up the salaries in the relevant group and dividing the figure by the number of colleagues in the group. The difference between the two averages is then expressed as a percentage. Again, a positive percentage shows a pay gap in favour of White colleagues and a negative percentage a gap in favour of colleagues from ethnic minority backgrounds.



Our People

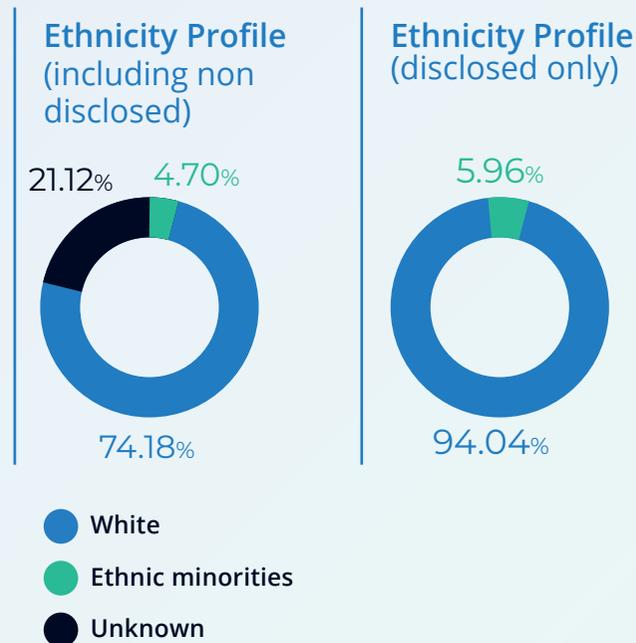
One key difference with ethnicity pay gap reporting versus gender pay gap reporting is that the results may depend significantly on how many colleagues are willing to provide information on their ethnic origins, which colleagues are not legally obliged to do.

At the time of reporting (31 March 2021) 78.88% of our 2,827 people disclosed their ethnicity. Whilst this is a significant proportion of our colleagues, we recognise that as 21.12% are undisclosed this limits the accuracy of our reporting. Steps have been taken to proactively collate this data through our 'check your data' campaign throughout 2020/21, and we anticipate improving this position by the end of 2021.

Our data shows that 4.70% of our total workforce are from ethnic minority backgrounds and of those who we hold ethnicity data for, 5.96% are from Black, Asian and Minority Ethnic groups. We recognise that this is less than the UK ethnic minorities population of 13% (2011 census) however, this is in part

reflective of the lower community representation in the geographies we operate within, and further work is underway to assess our representation against regional demographics.

Our ethnicity pay gap data is based on those individuals who have chosen to declare their ethnicity.



Our Results



Our Ethnicity Pay Gap

Our overall median and mean ethnicity pay gap based on hourly rates of pay as at the snapshot date of 31 March 2021.

Median ethnicity pay gap

2.66%

Mean ethnicity pay gap

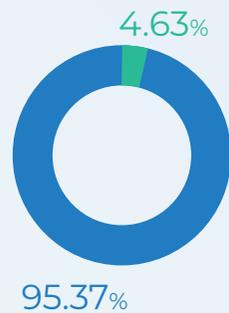
5.07%

The UK national median pay gap is 2.3% (Source: Office for National Statistics 2019).

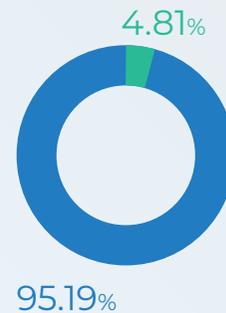
Ethnicity by Pay Quartile

Our data shows that ethnic minority colleagues are less represented in the upper pay quartiles, with the highest representation in the lower middle quartile, resulting in our ethnicity pay gap. This information helps to identify where people from ethnic minorities are concentrated in terms of pay and to explore further any apparent barriers to their progression.

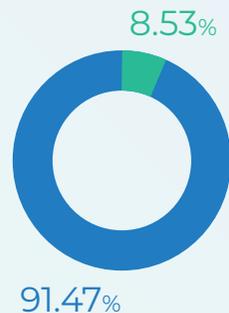
Upper Quartile



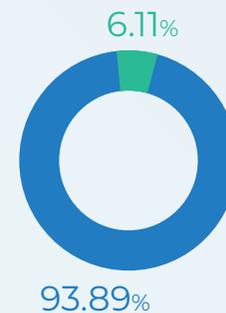
Upper Middle Quartile



Lower Middle Quartile



Lower Quartile



● Ethnic minorities ● White

Summary

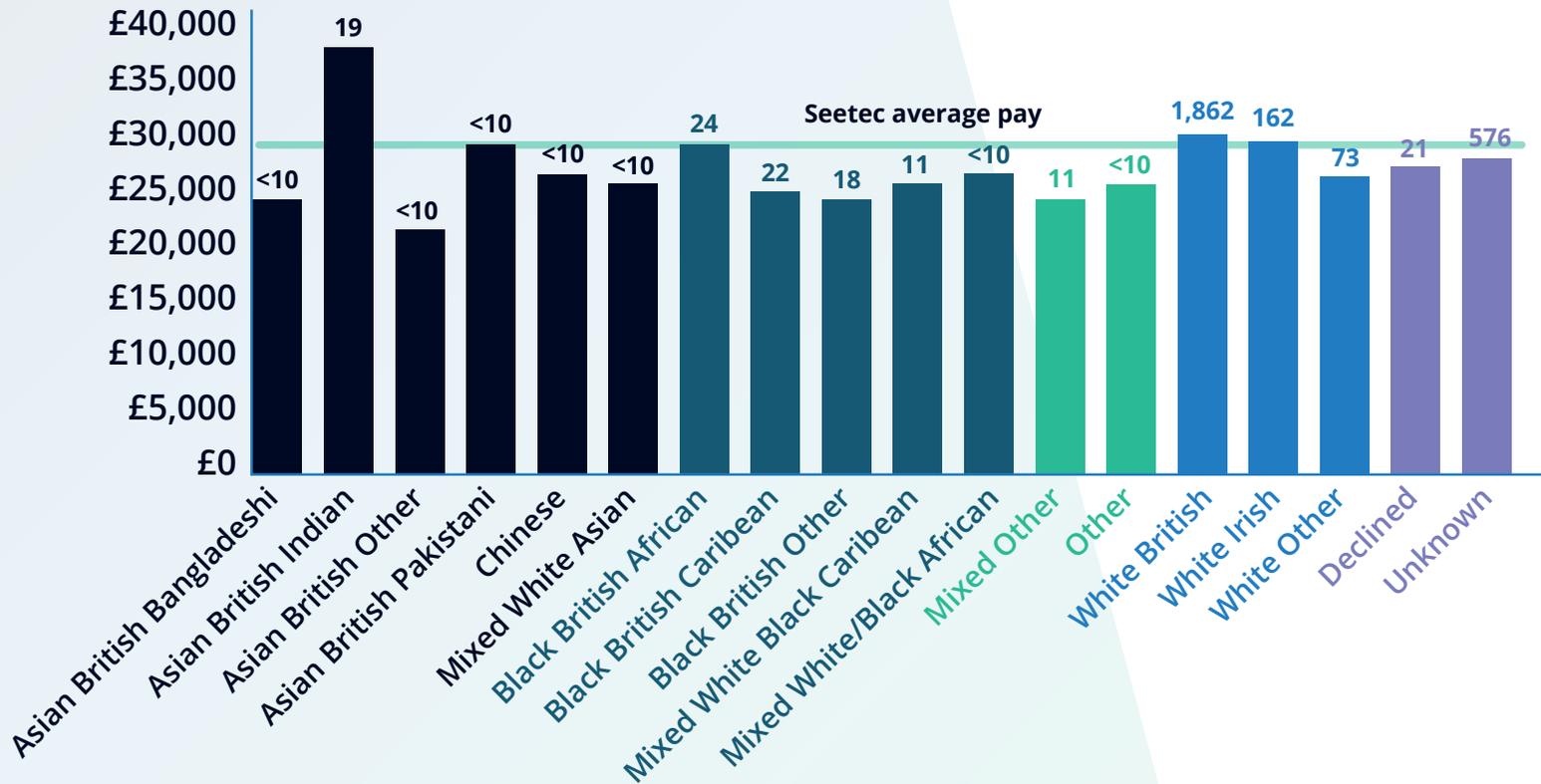
- Overall, 78.88% of our colleagues have disclosed their ethnicity data.
- Of those colleagues that have disclosed their ethnicity, 5.96% are from an ethnic minority background.
- There is a higher representation of colleagues from ethnic minority backgrounds in non-management roles.
- Our overall median ethnicity pay gap is 2.66% and mean gap is 5.07%.

Our Results

Average pay by ethnicity

As already outlined, for the purposes of this report ethnic minorities is defined as all ethnic groups except White ethnic groups and we recognise that by grouping all ethnic minority colleagues this may not give us a true reflection of any pay disparities experienced by any one single ethnic minority. In the interest of transparency below is the breakdown by ethnicity background of average pay across our organisation.

Average pay across Seetec by Ethnicity



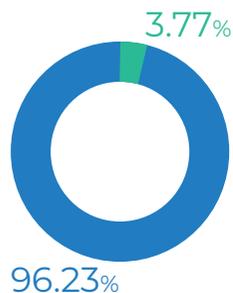
Our Results

Ethnicity representation by job level

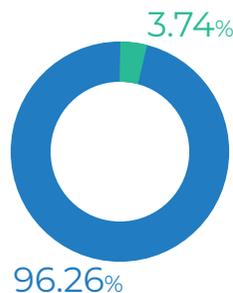
Our data shows that ethnic minority colleagues are less represented at management levels, although there is higher representation at senior management than middle management levels.

| | Ethnic Minorities | White |
|---------------------------|-------------------|--------|
| Directors/Senior Managers | 3.77% | 96.23% |
| Managers | 3.74% | 96.26% |
| Colleagues | 6.41% | 93.59% |
| All Colleagues | 5.96% | 94.04% |

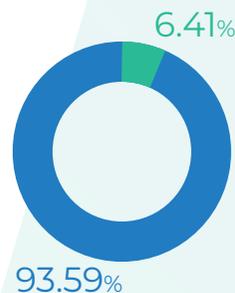
Directors / senior managers



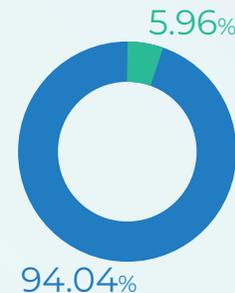
Managers



Colleagues



All colleagues



● Ethnic minorities ● White

Pay analysis by job level

In the same way as gender, our approach to pay and reward is based on fairness, and we have robust processes and salary structures in place to ensure that our people are treated equally. Our analysis of pay within job levels supports that these are effective, and at colleague level our mean pay gap is in favour of ethnic minority colleagues.

| | Median Pay Gap | Mean Pay Gap |
|---------------------------|----------------|--------------|
| Directors/Senior Managers | -17.67% * | -29.65% * |
| Managers | 3.48% | 12.81% |
| Colleagues | 1.71% | 2.17% |
| All Colleagues | 2.66% | 5.07% |

*Insufficient sample size to provide meaningful data.

Understanding our Ethnicity Pay Gap

We can conclude that our median ethnicity pay gap of 2.66% for March 2021 is driven by:

- Employing fewer individuals from ethnic minority backgrounds in senior roles.
- Employing more ethnic minority colleagues in junior and support roles.

Improving our ethnic diversity in senior and management positions will reduce both the mean and median ethnicity pay gap.





Addressing our Ethnicity Pay Gap

Below are some of the ways in which we will address our ethnicity pay gap:

Our pay structure

We provide fair and equal pay opportunities for all our colleagues. In our pay and grading structure, each job or group of jobs has an associated salary range with defined performance benchmarks at a number of levels. We ensure that salaries for roles are competitive by comparing jobs against rates of pay in the same occupational sectors and we have been a Real Living Wage Employer since June 2020. Having a clear grading structure helps to provide a logical basis for objective decisions about pay and progression.

Commitment:

We commit to reviewing our pay and grading structure in 2021/22, taking into account the impact on ethnic minority colleagues, to ensure we continue to provide fair and equal pay opportunities. This will include an analysis of job hierarchies and consideration of market pay rates. We will also analyse gaps in attainment, pay and progression of our colleagues from ethnic minority backgrounds.

Management training opportunities

We operate a Management Development Academy (MDA) for all our managers and Accelerated Development Programme (ACD) for our talent population. We have a robust system of one-to-ones between managers and colleagues to identify training needs and progression opportunities.

Commitment:

We commit to enrolling new managers and reviewing attendance of current managers from ethnic minority backgrounds on the MDA and ACD programmes. We will produce metrics on participation from ethnic minority colleagues and develop a plan to address any areas of concern.

Employee voice

As an Employee-owned business our colleagues' help shape our strategic direction and inform our decision making. The Employee Council regularly meets with Senior Leaders and our Employee Representatives are embedded within our Governance meetings.

Commitment:

We commit to sharing the results of our first Ethnicity Pay Gap Report with our Employee Council and wider colleagues, so we can explore ways in which to address our ethnicity pay gap. We will also set up an Ethnicity Inclusion Group to support delivery against our EDI action plan and to positively and proactively address any direct or unintended discrimination. We will seek the views of the inclusion group and survey colleagues across the organisation to understand how they feel we are currently performing, as well as to continue to measure progress.

Addressing our Ethnicity Pay Gap

Recruitment

We are committed to ensuring all recruitment is fair and transparent in line with our organisational values, behaviours, safeguarding principles, our Equality, Diversity and Inclusion Policy and wider employment legislation. We will always recruit the person who is most suited to each particular job. We operate an anonymous application process, and we recruit solely on the basis of the applicant's abilities and individual merit as measured against the predetermined criteria for the job. Qualifications, experience and skills are assessed at the level that is relevant to the job.

Commitment:

We commit to reviewing how and where we attract our people from and to identify methods to address the disproportionality experienced by underrepresented groups. Our Recruitment Team will work with hiring managers to create more diverse interview shortlists. We are aiming for our new hires to be reflective of the different ethnicities of UK society, as measured by the 2021 census. We will further analyse the census information to understand whether our representation from ethnic minorities is reflective of the communities in which we operate in.

Management information

We request diversity details from new colleagues following appointment and we currently have a 78.88% disclosure rate for ethnicity data. Workforce profile statistics are reported via our monthly People Management Information.

Commitment:

We commit to continuing the 'check your data' campaign encouraging existing employees colleagues to complete their ethnicity data to get close to a 100% completion rate. We will also make the completion of diversity data fields within our HR system mandatory for new hires, still providing an option to select 'prefer not to say'. This will enable us to understand whether colleagues are actively choosing not to disclose information and whether there is a wider cause for concern. We will develop a Diversity MI Suite, to include more detailed reporting on ethnicity, to include training opportunities, promotions and other information.

Accreditations and pledges

We are signatories to the Race at Work Charter and have also recently joined Inclusive Employers, the UK's leading membership organisation for employers looking to build inclusive workplaces. We have been a Real Living Wage Employer since June 2020.

Commitment:

We will deliver against our Race at Work Charter commitments and work towards achieving the Inclusive Employer Standard, evidence-based accreditation, in 2022.

