

Gender and Ethnicity



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O₂ welcomes the legislation requiring organisations with over 250 employees to report their gender pay gap annually. We have also chosen to voluntarily publish our ethnicity pay gap and would welcome other organisations joining us.



Introduction

At O2, we are clear about the critical value a diversity of backgrounds and perspectives brings to our business.

To reflect the diverse needs of the communities we serve, it is essential that we have a diverse, balanced and inclusive team – and that takes commitment, transparency and accountability.

Throughout the turbulence and challenges of the past year, we have remained committed to our ambition to become a leading inclusive employer. Building real, long-lasting positive change takes time, which is why we set ambitious goals to inspire and unite our teams across the organisation.

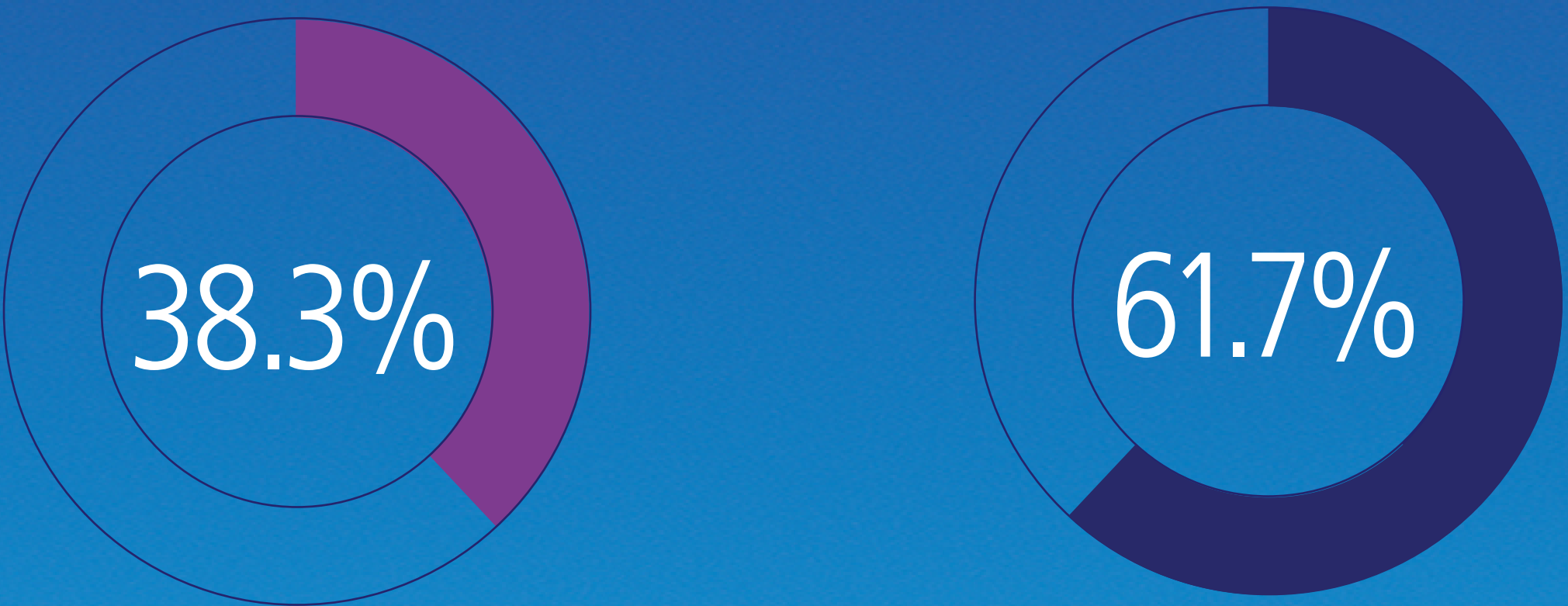
Our insight empowers us to address and drive change in the areas where it's needed most across our organisation. We have made some encouraging progress throughout the past year but this is a journey, and there is still a long path ahead. Despite the challenges brought by COVID, we continue to invest in a range of ambitious diversity and inclusion initiatives and are excited for what the future holds.





Our figures - Gender

Gender Representation of Workforce included in Pay Gap Analysis:



The proportion of males and females according to quartile pay bands



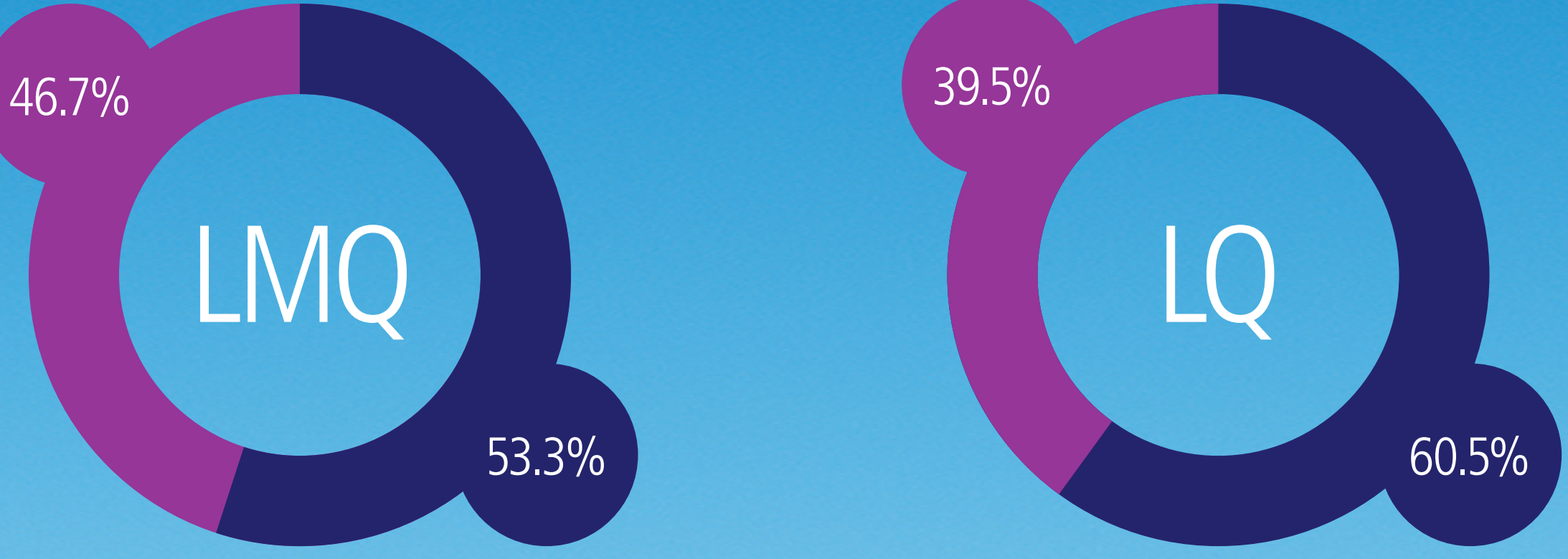
Mean gender pay gap 10.2%

Median gender pay gap 20.6%

Mean bonus pay gap 25.8%

Median bonus pay gap 16.2%

% males/females receiving bonus



Female Male

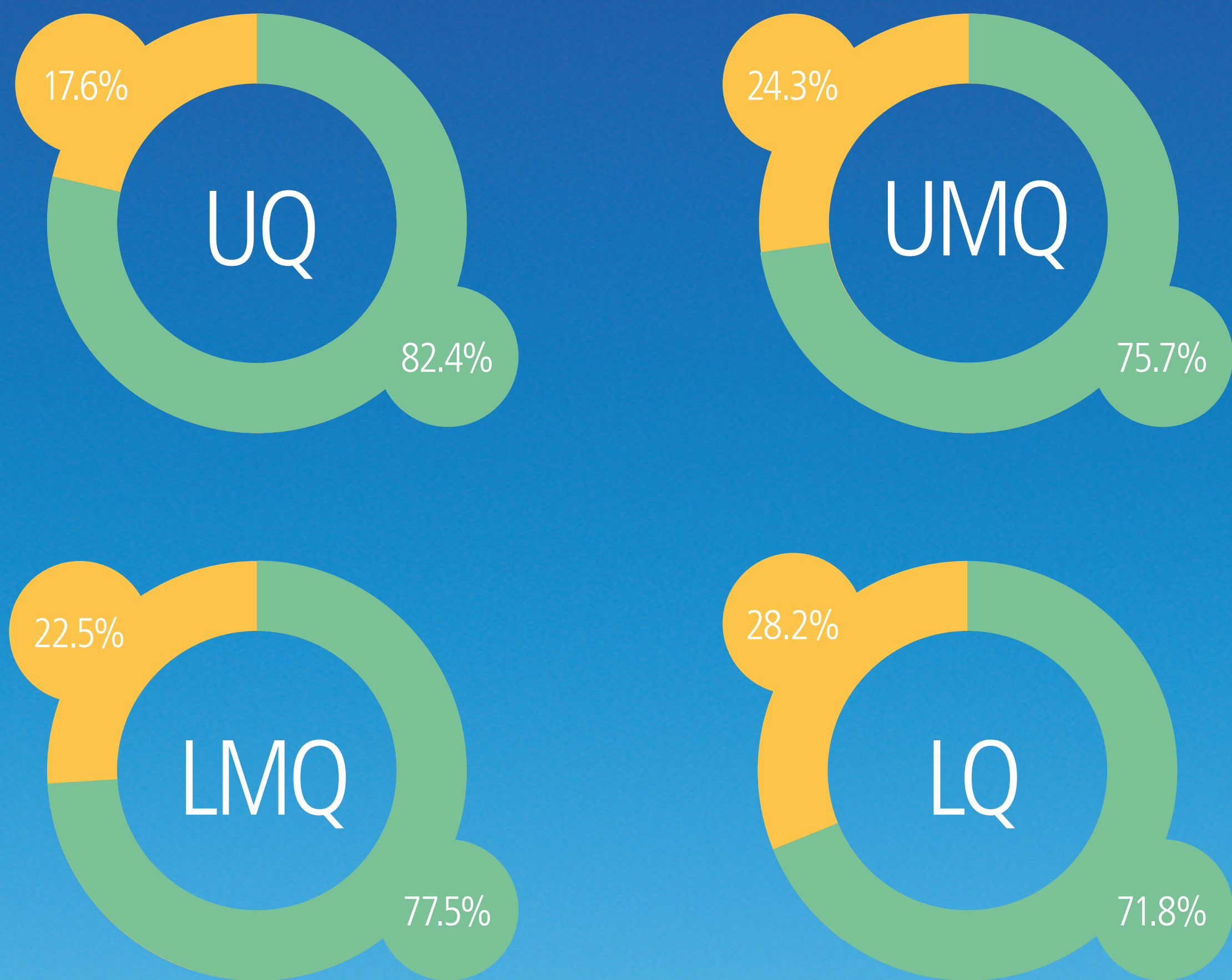


Our figures - Ethnicity

Ethnicity Representation of workforce included in pay gap analysis



The proportion of Ethnic Minority and White employees according to quartile pay bands



Mean ethnicity pay gap 14.2%

Median ethnicity pay gap 12.3%

Mean ethnicity bonus pay gap 51.1%

Median ethnicity bonus pay gap 39.2%

% of Ethnic Minority/White population receiving bonus



White Ethnic Minority



Our figures - Individual Ethnicity Groups

We recognise that representation and pay and bonus gaps vary by individual ethnicity groups. Looking beyond the aggregate and being open about these differences is important to O2 and for our people. That is why we are continuing to include figures for each of our individual ethnicity groups

The workforce representation of individual ethnicity groups included in the pay gap analysis

14.4% Asian; 4.6% Black; 2.6% Mixed; 1.5% Other

% entitled to bonus:

83.4% Asian; 82.5% Black; 86.9% Mixed; 77.3% Other

The workforce representation of individual ethnicity groups according to quartile pay bands

Upper Quartile: 12% Asian; 2.2% Black; 1.6% Mixed; 1.8% Other

Upper Middle Quartile: 16.3% Asian; 4.1% Black; 2.4% Mixed; 1.5% Other

Lower Middle Quartile: 15.4% Asian; 3% Black; 2.2% Mixed; 1.1% Other

Lower Quartile: 13.8% Asian; 8.4% Black; 4.3% Mixed; 1.7% Other

Reported Ethnicity Group	Mean Pay Gap	Median Pay Gap	Mean Bonus Gap	Median Bonus Gap
Asian	10.4%	5.2%	51.1%	20.1%
Black	26.9%	35.1%	59.2%	73.5%
Mixed	20.3%	35.5%	48.5%	55.5%
Other	1.1%	-6.8%	29.9%	12.5%

N.B. These calculations are based on a total ethnicity data disclosure rate of 85.1%, which includes 77.6% of our people who have disclosed and 7.5% who have chosen not to disclose.



Behind the numbers



We are proud to look back on a year of encouraging progress, where we have driven important improvements in our gender pay and bonus gaps

- We have increased levels of female representation within the upper pay quartile by 2% points and decreased by 1.9% points within the lower pay quartile.
- We have improved our median and mean gender pay gaps by 3.3% points and 3% points respectively.
- We have improved our median bonus gap by 5.5% points



Ethnicity

We have been committed to taking specific and targeted positive action to drive progress towards becoming a truly representative workforce. In the last year

- We have increased overall levels of ethnic minority representation across our workforce, and increased representation through upper and upper middle pay quartiles
- We have improved our median and mean ethnicity pay gaps by 4.1%points and 1.2%points respectively
- We have improved our median ethnicity bonus gaps by 0.7% points
- We have improved both median and mean ethnicity pay gaps across individual ethnicity groups
- The upward movement of ethnic minority colleagues through the higher pay quartiles and the increase in the proportion of ethnic minority employees eligible for bonus, have both have driven improvements in our median bonus gap for some ethnicity groups

We are pleased with the progress we have made but there is still more work to be done. With growing insight, we will continue to accelerate positive action to improve the mobility of colleagues from all genders and ethnicity backgrounds to higher quartile roles. By focusing on breaking down barriers to progression, we will continue to drive improvements in gender and ethnicity pay and bonus gaps.



What we're doing



Listening to our people

We have a people-led approach where everyone's voice is valued. Central and local teams work collaboratively with individuals and groups from across the business to drive positive progress, supported by active sponsorship from executive team members. We are continuing to build our cultural competence by embedding allyship initiatives, listening and feedback forums and inclusion toolkits. Through this, all of our people networks and leadership teams are empowered to play an integral role in fostering inclusivity and driving positive and tangible action across the business.



Transparency and accountability

Transparency and accountability are crucial for building a workforce with diversity at its core. Over the past year we've taken steps to be more open and accountable, including:

- Leveraging our workforce analytics to provide regular insight to our people and our leaders across the organisation, that targets and drives tangible action where it is needed most.
- Driving accountability by setting ambitious organisational-wide diversity commitments at functional and team level, against which progress is tracked.
- Embedding and championing inclusive practices throughout our employee lifecycle including a focus on our recruitment, talent, engagement and development strategies.
- We will sustain focus on these initiatives, build on them and drive them forward through use of insight and feedback from our people.



Creating opportunities

Through our internal talent and mentoring programmes, we're developing and nurturing a diverse pipeline of talent for the future and establishing diverse talent through and across our business. Placing inclusion and diversity at the core of our emerging talent and high potential initiatives, and introducing programmes tailored to meet the development needs of ethnic minority leaders, has enabled us to develop and guide gender and ethnically diverse talent towards new career and role opportunities.



Looking to the future

We recognise that building an inclusive environment where diversity is celebrated and valued is critical to the success and performance of our business. While we are proud of all that we have achieved so far, there is more to be done. Closing our pay and bonus gap remains a key business priority and balancing gender and all ethnicity group representation though and across our business is critical to that. We will stay true to our commitment to become a leading inclusive employer and becoming fully representative of the communities that we serve.

Approved by:

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