

2023 SOFTCAT GENDER AND ETHNICITY PAY GAP REPORT

Softcat

An introduction

At Softcat, we are determined to ensure that we are a fair and inclusive organisation that is committed to being transparent about our gender and ethnicity pay gap report. We prioritise diversity and inclusion as a key business objective, and our support for various initiatives helps us make progress towards this goal.

This year, we have seen a change in diversity at different levels within the organisation. This has helped inspire women and ethnically diverse employees in the organisation to see themselves in more senior roles in the future. Whilst the overall pay gap data has not improved this year, we are aware that our pay gap data will not positively improve immediately due to the sales business model we currently have. However, the report highlights our efforts when it comes to focusing on attracting, developing, and retaining women and employees from ethnically diverse backgrounds within our Company.

Our seven employee networks play a crucial role in raising awareness and supporting the wider business when it comes to providing the insights to ensure we have an inclusive organisation. Our networks provide us with the feedback we need to continue making the changes that enable everyone to feel motivated and engaged at work whilst also having a sense of belonging.

Our company-wide Allyship programme remains an opportunity for employees to come together and learn more about how they can better support their colleagues, partners and customers from marginalised communities. This year, we introduced our Inclusive Cultures workshop to our management team. The workshop aims to help managers build more inclusive teams and create inclusive social events for their teams. Time together on the workshop provides an opportunity to focus on the behaviours that we need from managers in our business to improve safety and to ensure everyone is valued and treated with respect.



Anushka Davies
Head of Engagement, Diversity & Inclusion



SOFTCAT'S GENDER PAY GAP

We are disappointed to see that our mean pay gap has widened by 5% this year despite our efforts. There has been an increase in the number of women account managers, but it will take time to earn commission in these roles. We have spent time this year focusing on developing our sales women by helping them build on their confidence, improve their technical and sales expertise and develop their careers in a sales role for the longer term. Our Supporting Women in Sales workstream has listened to women across sales to establish where further interventions need to be created to enable a long and successful career in a sales role.

Our efforts to drive inclusion in all facets of what we do have delivered further results, most significantly in gender diversity, and 35% of our workforce are now women. This is an increase of 2% on last year's gender balance data and also an increase from 28% five years ago. We have also hit our 35% ambition six years ahead of our expectations. We have worked hard on improving our recruitment process over the years alongside championing women internally – this concerted effort has helped achieve our ambition in advance of 2030.

Gender balance increased to 33% on our management team and to 36% women on our senior leadership team, which is now representative of the Company. Seeing more women on our senior leadership team, including a new female CFO, has been inspiring for women across the organisation. At Board level, we have 62.5% female representation.

We were pleased to be recognised by Great Places to Work in the following categories:

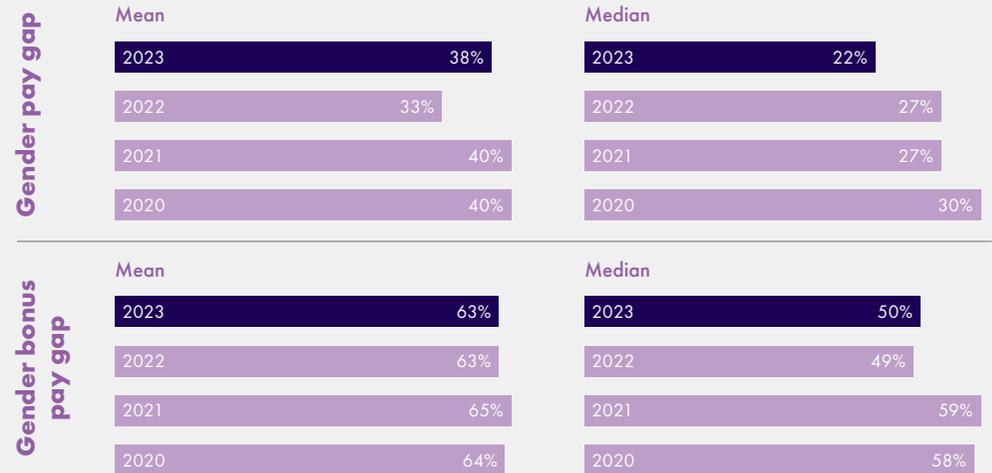
- 1st in the UK's Best Workplaces in Tech; and
- 6th in the UK's Best Workplace for Women.

As a company, we acknowledge that further improvements are needed on gender and ethnic diversity since the last report. This is a longer-term endeavour which we are passionate about continuing to work on.

This year, we spent time listening to women across our networks to recognise that further awareness and support were required as our demographic changes. We have matured as an organisation in being open and transparent about what life-changing scenarios can affect a woman's engagement with her role. Menopause and pregnancy loss are scenarios that invite varying experiences, and we recognise that as an organisation it is important to have the right level of support in place to guide and help women through these experiences. Ensuring that women can talk to their managers to enable flexibility and reassurance during challenging periods in their lives provides them with job security.

This year, we launched new policies that aim to recognise the physical and emotional impact that might be felt during these times and provide the best support to protect the wellbeing of employees whilst at work.

Difference between men and women



This year, we launched our menopause and pregnancy loss policy following conversations with our Softcat Family Network and Supporting Women in Business Network. It's incredibly important that our employees feel comfortable with learning about and discussing both the physical and emotional impact of menopause and pregnancy loss whilst feeling reassured that the business will support our needs."



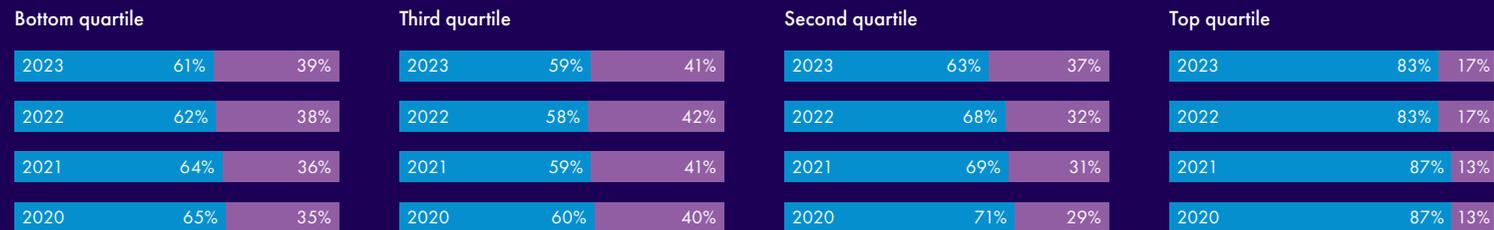
Sarah Jane Sydenham
Head of Internal Procurement

- Mean refers to the average of all the salary data
- Median refers to the value lying at the midpoint of the salary data
- Bonus pay gap refers to all variable pay including commission
- Calculations are based on data from April 2022

Proportion of bonus pay:



Proportion in each pay quartile



SOFTCAT'S ETHNICITY PAY GAP

Having 100% of our ethnicity data at the time of reporting enables us to produce an accurate ethnicity pay gap report. Although it is not mandatory, we believe that transparency is crucial to creating initiatives and making progress in the same way as we have done with gender.

The ethnicity pay gap report shows the difference in the average hourly rate of pay between white and ethnically diverse employees in our business. Our ethnicity pay gap calculations have been made by following the statutory gender pay gap methodology.

This year, we spent more time celebrating different cultures. We've also made huge progress with the work we have done by being a founding member of the Technology

Community for Racial Equality (TC4RE). Members of our Ethnic & Cultural Diversity Network have been proactive in assisting with career conversations, being a part of the 'See It, Be It' campaign to help promote people from ethnically diverse backgrounds across the industry and the roles they are in. This is particularly encouraging for the students we work with as part of our scholarships workstream.

Having conversations about the challenges people face due to their race can be difficult and sensitive; however, we have worked hard to not hide from having challenging conversations whilst also celebrating our ethnically diverse employees' backgrounds.

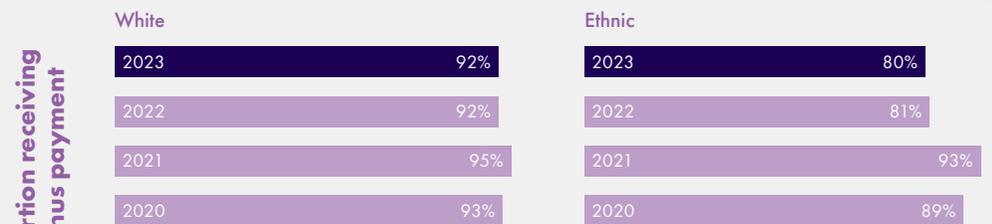
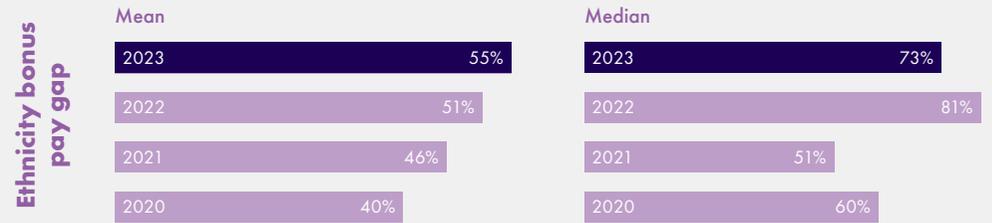
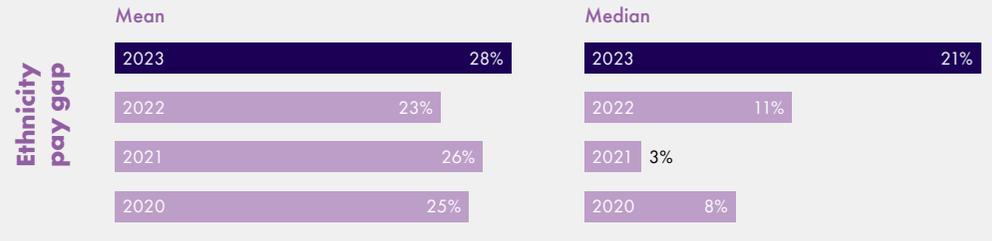


This year, we have focused on celebrating different cultures and religions wherever possible. It's important for all our ethnically diverse employees to feel they can be themselves and celebrate their backgrounds and encourage the rest of the organisation to celebrate with them."



Nav Thaliwal
EC Network Lead, Communications Manager

Reporting for 2023

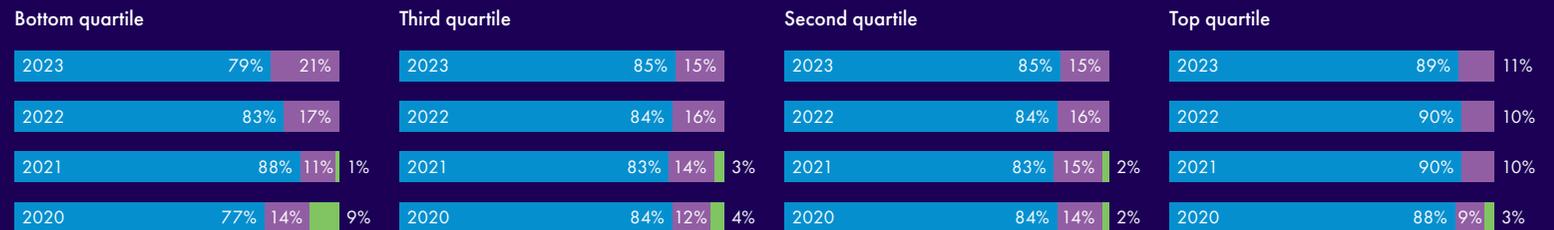


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Proportion receiving a bonus pay



Proportion of ethnicity in each pay quartile



UNDERSTANDING THE DATA

Understanding the gender data

This year, we have seen a positive reduction on our median gender pay gap but an increase in our mean pay gap. Sales roles in our business still remain the core reason as to why the pay gap has not reduced further. Whilst our gender balance has improved across the organisation, in management roles and in our leadership team, our male account managers are still the highest earners due to it being a commission-based role. We have done a huge amount of work on evolving the experiences of women in sales roles; however, it will take some time for us to see women performing as well as their male counterparts in these roles. We encourage our account managers to build long-standing relationships with customers, and it can take time to get to this stage. As the percentage of women joining the Company is increasing, the lower earners early on in their tenure will impact the mean pay gap. Our median pay gap for women has reduced by 5% due to more women entering management and leadership roles compared to previous years. The management and leadership team is now representative of the overall gender balance across the Company. Another reason for a reduction in our median gender pay gap is due to the way our commission-based roles work, in that a positive February will impact their April pay.

It is positive to see that there is now also a higher proportion of women in our second top quartile this year, which is encouraging to see, and the top quartile has remained the same at 17%.

Following several initiatives in particular to attract more women to our Services and Tech roles, we saw a 2% increase on prior year, which has made an impact to our overall gender balance this year, too.

Understanding the ethnicity data

Similarly with our ethnicity pay gap report, the mean pay gap is affected by a smaller percentage of ethnically diverse top earners in sales account management roles. This year, we were disappointed to see an increase in our median pay gap report, which increased by 10% on prior year. The main factor behind this increase, is that whilst in the short term we have increased our overall ethnic balance to 16%, this is mainly at entry level. Therefore there is a natural difference in pay level due to also lack of ethnic representation at management and leadership team level. We have identified that there is much

more work to do in order to champion our ethnically diverse employees and to develop them further as part of our talent conversations. Ethnic balance has increased across most of our business areas, with our Services and Tech division seeing a further 3% increase to 25%. This area has several ethnically diverse individuals from technical backgrounds who will over time help reduce the median pay gap whether they choose to stay in an individual technical role or pursue a role in management. Improving the representation of ethnically diverse employees across our management and leadership team is a priority for us, and we are committed and confident that over time, these levels will be more representative of the Company ethnic balance. Like the progress we have made with gender balance, it is important for ethnically diverse employees to see people like themselves operating in senior positions to help inspire them. The mean ethnic pay gap will remain the same as gender in that we will need to see more sales people from ethnically diverse backgrounds outperforming their white counterparts.

Gender and ethnicity balance at Softcat

This year, we were pleased to see a substantial increase in both the gender and ethnic diversity across our apprentice cohort. 29% of the cohort were women, which is a 7% increase on prior year, and 27% were from ethnic backgrounds, which is an increase of 9% on prior year. The positive increases were due to the following reasons:

- engaging with a wider pool of schools, allowing us access to more diverse talent,
- expanding the opportunities across different functions across the business,
- making apprenticeships available across a number of our regional offices,
- changes to the application process to make it more inclusive.

This year, we also successfully launched our first internship programme. The purpose of the programme was to give us access to an additional stream of early careers talent. 54% of the cohort were women and 63% were from ethnic background. The programme has been incredibly positive and next year we will look to grow the programme further.

Softcat wins CRN Cultural Inclusion Company of the Year



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Whilst we work on several initiatives that will help close our gender and ethnicity pay gap over time, it's important that we also celebrate the progress we have made and celebrate with those who have won awards for their achievements. Our appetite to create further change will continue now and in the future.”

Anushka Davies

Head of Engagement, Diversity & Inclusion



WHAT ARE WE DOING TO CLOSE THE GAP?

We have a dedicated action plan to help address the imbalance across both gender and ethnicity.



<p>Grassroots and work experience</p> <p>We continue to work with schools, colleges and universities to promote opportunities that are available in the IT industry. Alongside our work experience programme, we will provide insight days to students, and work closer with them on internship opportunities to help gain more visibility of roles at Softcat.</p>	<p>Supporting Women in Business and Ethnic Cultural Diversity</p> <p>It's important that women and ethnically diverse employees in our organisation learn from one another and be inspired by each other. We will remain active by sharing experiences, supporting and championing women and ethnically diverse employees through our employee networks. Hearing about people's careers from both inside and outside of our organisation is important to allow our employees to develop their own personal career development plans.</p>	<p>Valued partnerships</p> <p>We value our partnerships and will continue to gain advice and guidance from Tech Talent Charter and Race at Work Charter to help us improve both gender and ethnic diversity at Softcat.</p> <p>Softcat is a proactive founding member of TC4RE and will continue to promote and improve racial equality across the industry.</p>
<p>Recruitment and retention</p> <p>We can see that the recruitment processes we have in place are making a positive impact on our overall gender and ethnic balance.</p> <p>We are working closer with the leadership team to identify women and ethnically diverse employees across their business areas who would benefit from mentoring opportunities to help develop them through our management and leadership development programmes.</p>	<p>Allyship</p> <p>It's important to us that our employees can gain a better understanding of the challenges that our colleagues from minority groups can face through our Allyship workshops. This learning has made an impact on the way our employees feel about speaking up and supporting their fellow colleagues.</p> <p>This, along with our Inclusive Cultures workshop has encouraged our managers to be more mindful and respectful of building a diverse and inclusive team where everyone feels safe and can be themselves at work.</p>	<p>Networking and events</p> <p>There are many opportunities for Softcat to collaborate and participate in events for both women and ethnically diverse employees. We will continue with these efforts to encourage learning from those within and outside of our industry.</p> <p>We value events like CRN Women in Techfest where we can also promote our own women to present and showcase their career journeys, too.</p>

Celebrate

At Softcat, we love to celebrate the contribution that women and ethnically diverse employees make. This year, we had 15 women shortlisted for the CRN Women and Diversity in Channel Awards, and we were shortlisted for two company awards, of which we were thrilled to win the Cultural Inclusion Company of the Year Award. In addition to this, we won six individual awards for Ashleigh Baker (Technical Employee of the Year), Gemma Mason (Graduate of the Year), Elisha Kirkham (Outstanding Returner of the Year), Iona Simaku (Sales Employee of the Year), Gemma Snell (Unsung Hero) and Anushka Davies (Woman of the Year), and we were Highly Commended in three categories: Daisy Mossop (Marketing Employee of the Year), Ashleigh Baker (Technical Employee of the Year) and Angela Saville (Mental Health First Aider of the Year).

Looking to the future



Building a more inclusive and welcoming environment is everyone's responsibility. In my position as CEO, I believe that having a diverse workforce is a priority both to ensure we are representative of the customers we serve, and to make us a more successful business. I'm pleased to see the progress we have made in gender diversity and have met our own initial goal of 35% gender workforce mix ahead of target, so we have now raised the bar and are now pushing towards 40% by 2030. I'm also delighted to see women progressing across levels of seniority, including two more women joining our senior leadership team. I'm just as keen to ensure we continue to progress our ethnic balance at all levels over the coming years. Reducing the gender and ethnic pay gap requires a sustained focus on creating an inclusive environment, but the leadership team at Softcat are committed to being proactive in delivering the key initiatives highlighted."

Graham Charlton
CEO



Once again, I'm delighted with the progress we've made on improving gender and ethnic balance at Softcat. Seeing these achievements recognised within our industry further underlines the work that we continue to do in this space. There is much more to do, but I'm thrilled with how far we've come already."

Rebecca Monk
Chief People Officer