

## UK Gender Pay Gap Report 2018

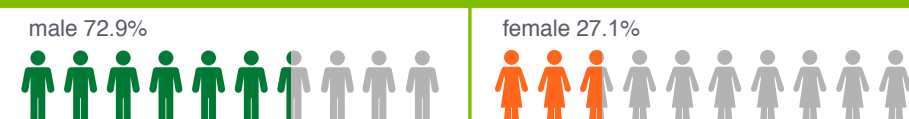
Fostering a talented, diverse team of employees working together towards a common purpose is crucial to enhancing the customer and employee experience and creating the world's best enterprise network.

We believe that everybody should have the same opportunities, regardless of gender.

### CENTURYLINK DEMOGRAPHIC



### FORMER LEVEL 3 DEMOGRAPHIC



### UK TECHNOLOGY SECTOR\*



Historically, females have been underrepresented in the technology industry and hold disproportionately fewer tech-related jobs throughout the world. Recent studies estimate that only 17% of employees in the UK technology sector are female.

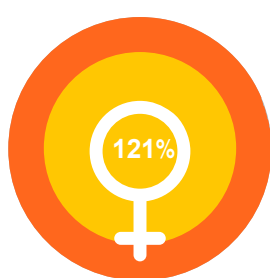
\*Source: "Diversity in IT 2017" - BCS, The Chartered Institute for IT

### CenturyLink Proportion of employees receiving a bonus

### Former Level 3 Proportion of employees receiving a bonus



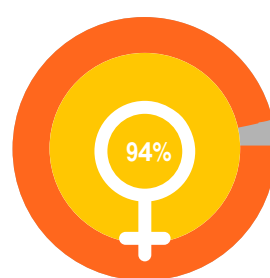
Male



Female



Male



Female

All employees have equal rights to a bonus element to encourage retention and delivery of an excellent customer experience. CenturyLink Limited pay-out rates are more than 100 percent due to female employees being on maternity leave and there being a significant number of leavers in March. Both of these populations received bonuses in March, but not pay in the reference month of April.

Our companies have grown from the historically male-dominated infrastructure technology sector, invariably leading to more males in the upper pay echelons. We know, however, that we pay near comparable rates for comparable work to both genders within the actual quartiles, which is an encouraging statistic.

This year, we have seen a small increase in male to female ratio, due in part to the senior restructuring that occurred in the merging of CenturyLink and Level 3. We are currently working to improve these ratios through policy updates, programs to promote diversity and education and research.

### CenturyLink Gender Pay and Bonus Gaps

	Mean	Median
Pay Gap	13.68%	15.37%
Bonus Gap	5.50%	60.84%

Our Mean Pay and Median Bonus gaps have widened slightly from 11.07% and 55.40%, respectively, from last year, while our Mean Bonus and Median Pay gaps have improved significantly, falling from 19.85% and 18.90%, respectively. Both higher figures are a direct result of how many men versus women we have and the senior roles men occupy – which lend themselves to higher basic pay and bonuses. The changes are a reflection of the senior restructuring that occurred last year.

### Level 3 Gender Pay and Bonus Gaps

	Mean	Median
Pay Gap	23.69%	21.43%
Bonus Gap	42.88%	38.61%

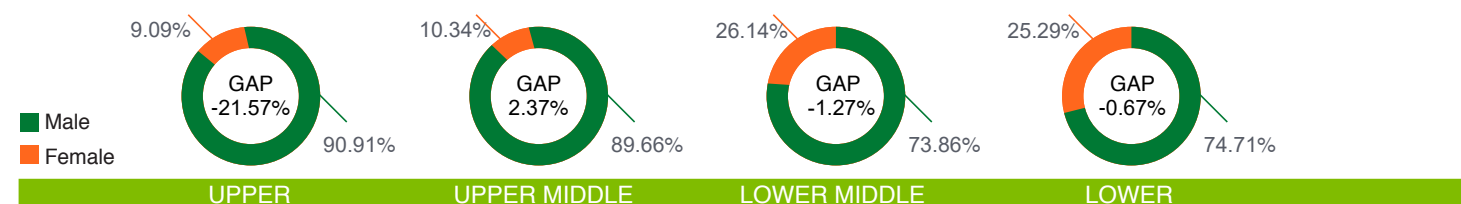
We saw slight improvements in three of the four figures this year. Gaps in Mean Bonus, Median Pay and Median Bonus improved, while the Mean Pay gap widened slightly. The Median Pay gap can be attributed to the fact that, out of the top 30 earners, only three are female. This is a reflection of how many men versus women we have in the overall population and the senior restructuring that occurred last year.



Our focus will continue to be on the hiring and progression of talent at all levels, however, this presents its own complexities. In fact, taking on a larger percentage of women as new recruits at entry-level salaries skews female quartile results and pushes the pay gap up temporarily. Yet, we take the long-term view that encouraging more women into technology is the right thing to do in order to create the more balanced and equal employee-base we strive towards.

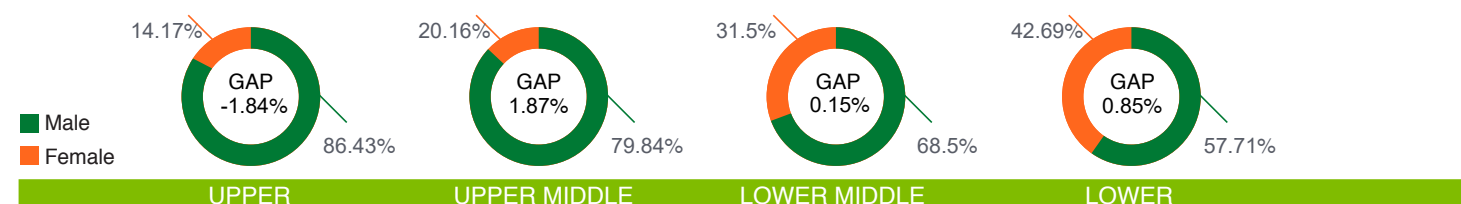
### Pay Quartiles

Based on 350 employees across the Quartiles



### Level 3 Pay Quartiles

Based on 988 employees across the Quartiles



To demonstrate that we have a relatively good balance between males and females, the pay differentials are represented in the center of the graphs above. We aim to recruit and pay equally for equal roles, though the proportion varies due to female representation being less in certain quartiles. Our compensation philosophy is designed to provide opportunities for career advancement to ensure equity for similar responsibilities.

### How we seek to close the gender pay gap

Continue our joint commitment to level the internal playing field.

**Female Career Progression** Current programs which aim to increase female career progression: career-nurturing Employee Resource Groups, e.g. Women Empowered, re-assessing org design to ensure opportunities for females to progress internally.

**Enhanced Gender Diversity** Initiatives in place to enhance gender diversity by attracting new female talent into technology. Partnerships with new candidate providers that specialize in working with parents returning to work, attending technical schools and universities to attract diverse talent, particularly for our apprenticeship programs.

**Family Friendly Enhancements** Employees can value other company benefits over pay rises, hence we aim to offer a wide range of benefits. These include enhancements to our Family Friendly provisions for both genders, with more paid leave and a projected greater rate of employees returning to work after the leave.

Develop new initiatives and strengthen our resolve further.

**Increasing Female Representation** Increasing the female representation on our job vacancy shortlists and training for absolute objectivity in the selection process by launching a formal, competency-based interview process.

**Diversity and Inclusion** In 2018, we hired a dedicated Diversity and Inclusion Program manager with global responsibilities and who will be further developing our strategy for local hiring practices.

**Career Progression Framework** Enabling a robust career progression framework to retain talent across the business and promote from within, whilst continuing to review and benchmark our Family Friendly and Flexible Working approaches