

## UK Gender Pay Gap Report 2017

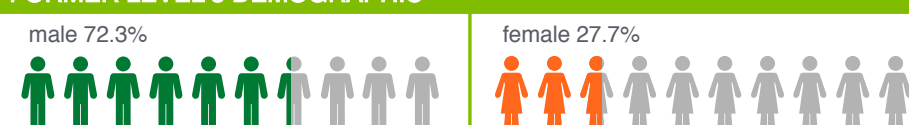
Fostering a talented, diverse team of employees working together towards a common purpose is crucial to enhancing the customer and employee experience and creating the world's best enterprise network.

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

### CENTURYLINK DEMOGRAPHIC



### FORMER LEVEL 3 DEMOGRAPHIC



### UK TECHNOLOGY SECTOR\*

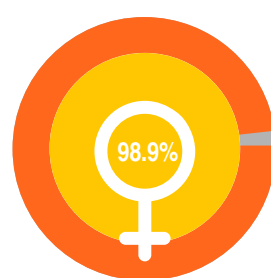
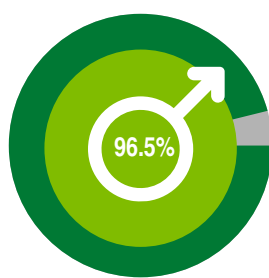
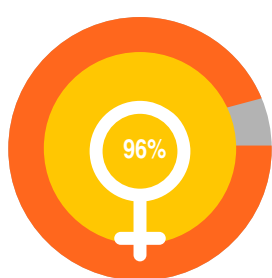
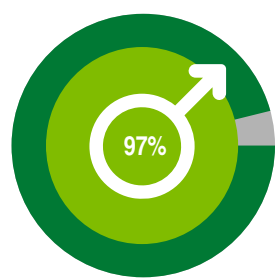


Historically, females have been underrepresented in the technology industry and hold disproportionately fewer tech-related jobs throughout the world. Recent studies estimate that only 17% of employees in the UK technology sector are female.

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

### CenturyLink Proportion of employees receiving a bonus

### 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. Former Level 3 females exceeded their male counterparts slightly in receiving a bonus. Due to hiring dates, some employees were not eligible to receive a bonus payment at the calculation date.

Following CenturyLink's acquisition of Level 3 Communications last year, we see this report as an opportunity to reflect on our respective pay gaps. 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.

In a year of integrating two large companies, we are taking a very careful approach to how we rationalize all roles, titles and pay to ensure it aligns with our compensation philosophy. To remain competitive for talent, we support a market-driven salary structure, which provides a higher level of reward to distinguish top performers. In doing so, we ensure a balanced approach that supports our efforts to attract, motivate, reward and retain the employees critical to our success.

### CenturyLink Gender Pay and Bonus Gaps

### Level 3 Gender Pay and Bonus Gaps

	Mean	Median
Pay Gap	11.07%	18.90%
Bonus Gap	19.85%	55.40%

	Mean	Median
Pay Gap	21.68%	22.40%
Bonus Gap	47.08%	46.11%

We have a relatively low mean pay gap of 11.07%, while our median pay gap is higher at 18.90%. Equally, the mean bonus gap at 19.85% is roughly in line with the national average, while our median bonus gap increases to 55.40%. 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. However, some women outperform their male counterparts, with some female Sales Executives earning around 15% more in basic pay.

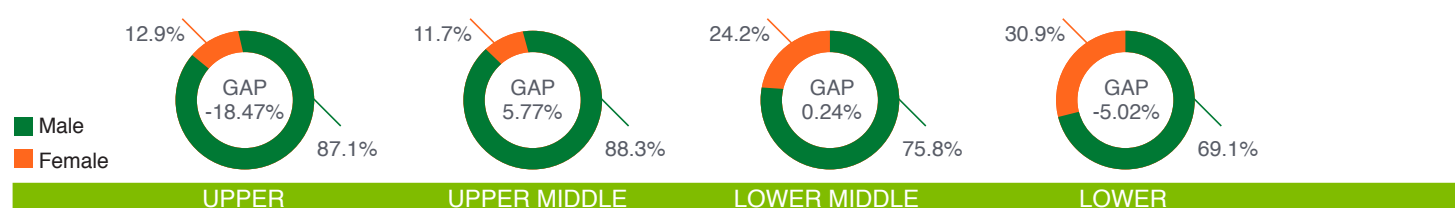
We have a mean pay gap of 21.68%. Our median pay gap is similar at 22.40%. The mean bonus gap at 47.08% is roughly in line with the median bonus gap at 46.11%. Both higher figures are a direct result of how many males versus females we have, and the senior roles men occupy – which lend themselves not just to higher basic pay, but also to bonuses, commissions and shares. Within the Sales Function, only 11.5% are women, which amplifies the issue in this area.



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.

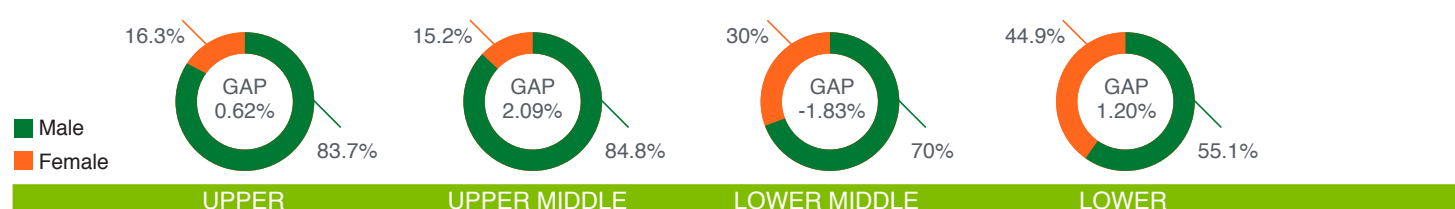
### Pay Quartiles

Based on 376 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 programmes which aim to increase female career progression: career-nurturing Employee Resource Groups, e.g. Women Empowered, flexible working and Mentor Rings

**Enhanced Gender Diversity** Initiatives in place to enhance gender diversity by attracting new female talent into Tech: our female leaders' outreach; e.g. 'The Girls Network' mentoring, media interviews and events or career fair appearances, together with Apprenticeship, ECAP (Early Careers Acceleration Programme) and Internship programmes

**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

**Diversity and Inclusion** Reviewing our local hiring practices and hiring of a Global Diversity and Inclusion Specialist

**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