

GROUPON UK

MyCityDeal Limited

GENDER PAY GAP

REPORT 2018

INTRODUCTION



CATHY O'GRADY

Vice President, Human Resources. Groupon International

Diversity and inclusion are priorities for Groupon; these are core values that sit at the heart of our brand. This is not simply about compliance. We know it makes good business sense. A diverse and inclusive organisation reflects and represents our customers and our merchants. Since we last reported, we have added a Global Head of Inclusion and Diversity, Corey Flournoy, who will contribute to the strategic development, planning and implementation of global inclusion and diversity initiatives throughout Groupon, including addressing unconscious biases that may prohibit the advancement of females into leadership roles within Groupon. In 2019, we are launching an internal program to connect females and other under-represented employees with senior leaders to provide guidance and support to help in their professional development, reverse mentor and feel more connected to Groupon.

This gender pay report focuses on the male/ female pay gap which is part of a bigger and ongoing conversation at Groupon. Last year we identified that we had an issue regarding female representation and since then seven females have entered the upper pay quartile, of which two are at senior management level or above. Throughout 2018 we continued to invest in initiatives designed to address this point and others raised in the 2017 Gender Pay Gap

Report. This is not an easy or a quick fix but as shown our figures are moving in the right direction.

Groupon is a global organisation. We will continue to look at the right talent for the right roles and do this from the most diverse talent pool available in whatever location that may be.

As I have said before we continue to have individuals who are not covered by this analysis, but who are in key leadership positions managing the UK & International business. I am based in Dublin, and other females on the International Management Team were, in April 2018, based/paid outside of London.

Gender representation at all levels and in all disciplines is an area that Groupon has focused on in recent years, and within this report we will talk about some of the initiatives we have in place to move the needle. With much of this already in place, we feel strongly that at Groupon, all employees, regardless of gender/ethnicity, can meet their full potential while celebrating their diversity.

A handwritten signature in black ink, appearing to read 'Cathy O'Grady'.

WHAT DATA DO WE HAVE TO REPORT FOR GENDER PAY?

As an employer of over 250 people in the UK, Groupon is publishing the following information for employees in our MyCityDeal business employed on 5th April 2018:

1. Proportion of male and female employees in each pay quartile (the male/female ratio for each quartile is provided)
2. Average or mean hourly gender pay gap
3. Median hourly pay gap by gender
4. Average bonus gender pay gap
5. Median bonus gender pay gap
6. Proportion of male and female employees receiving a bonus payment

HOW ARE THE PAY QUANTILES CALCULATED?

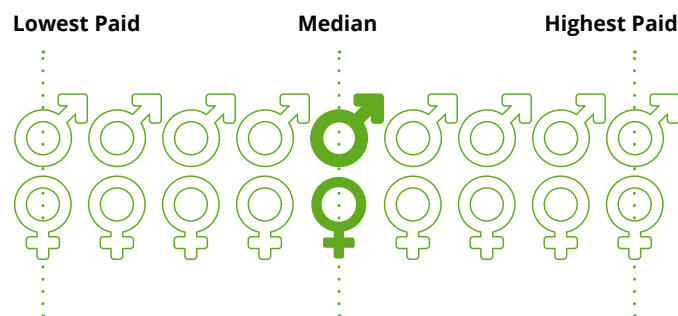
The pay quartile percentages are calculated by listing the rate of pay for each member of the team, low to high, then that list is split into four equal quartiles. The percentage of male and female staff in each quartile is reported.

HOW ARE THE MEDIAN AND MEAN PAY GAPS CALCULATED?

The mean (this is the average) gender pay gap is the difference between the average pay of male and female employees.

The median (consider this as the middle) gender pay gap is calculated as follows:

- ▶ List all of our female employees from lowest to highest paid
- ▶ List all of our male employees in the same way.



The median gender pay gap is the difference in pay between the middle female employee and the middle male employee.

The median is a more appropriate statistical metric than the mean for pay analysis, because it is less influenced by data outliers.

GENDER PAY GAP VS EQUAL PAY - THE DIFFERENCE

Whilst both the gender pay gap and equal pay deal with the disparity of pay females receive in the workplace in comparison to males, they are two different issues.

- ▶ Equal pay means that male and female employees in the same employment performing equal work must receive equal pay, as set out in the Equality Act 2010.
- ▶ The gender pay gap is a broader measure of the difference between male and female's average earnings across an organisation regardless of their area of work. It is expressed as a percentage of male's earnings.

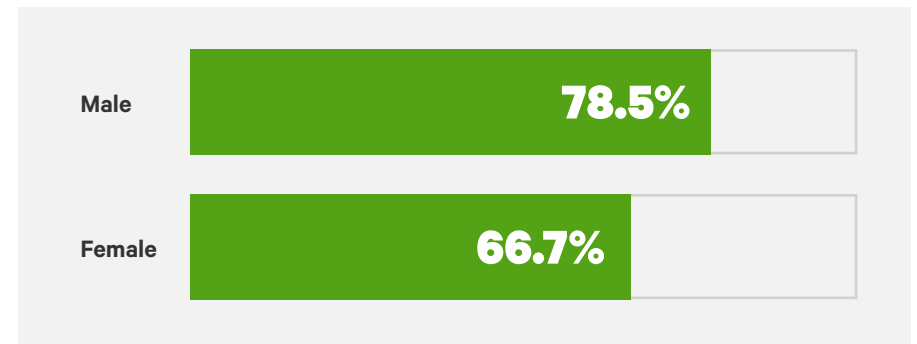
We have a compensation framework in place at Groupon that is based on market data. The market data is used to determine what the salary is for each role. We regularly review employee pay versus market data, and internal analysis shows that we are paying competitively against the market and in a gender neutral manner.

OUR DATA AT A GLANCE

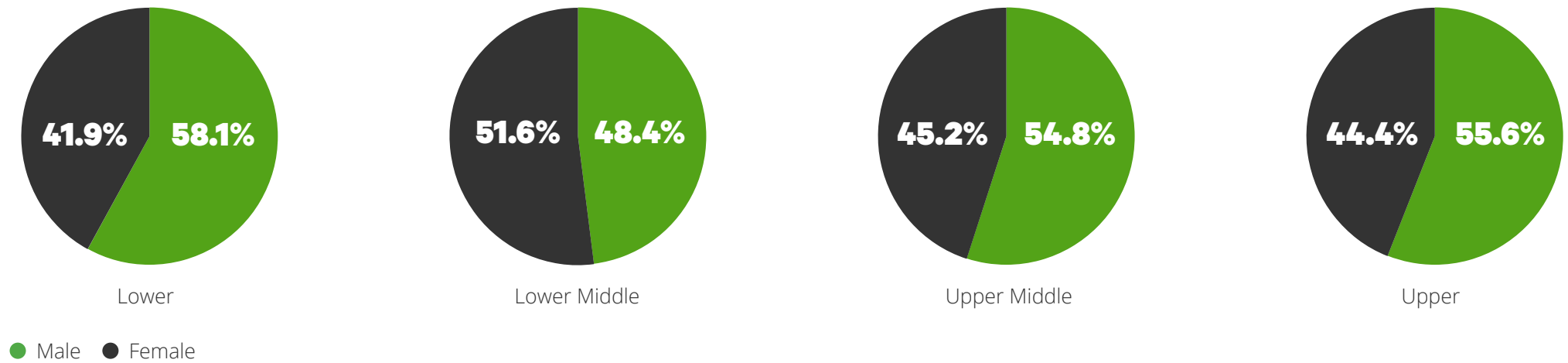
Hourly Pay and Bonus Gender Gap

	Pay	Bonus
Median	3.2%	24.4%
Mean	5.6%	30.9%

Percent Receiving a Bonus by Gender



Quartile Analysis



OUR DATA EXPLAINED

Gender Pay Gap

Our median gender pay gap

3.2%

Our mean gender pay gap

5.6%

This year we saw improvements in both the median gender pay gap which reduced by 2.5 percentage points, and mean gender pay gap which reduced by 13.1 percentage points from 2017. We saw an 11.1 percentage point increase in the representation of females in the upper pay quartile during the 12 month period which contributed to the improvement in the hourly pay gap. When we exclude roles at Senior Manager level and above the pay gap becomes favourable to females, the median gender pay gap becomes -1.4% and the mean gender pay gap becomes -0.2%. This continues to support the assessment that this pay gap is driven by gender representation at the upper quartile, something we are actively working towards.

Bonus Pay Gap

Our median bonus pay gap

24.4%

Our mean bonus pay gap

30.9%

Recipients of bonus payments in 2018 remain skewed towards towards males in the business, although we saw a slight improvement at the median level which reduced by 0.7 percentage points from 2017. However the mean bonus pay gap increased substantially by 25.1 percentage points, due to some changes in management positions. The mean is more sensitive to potential outliers compared to the median.

In summary, we saw improvements across the board in regards to hourly pay and bonus pay gaps, with the exception of the Bonus gap average increasing substantially due to changes in management positions. Our efforts to actively promote diversity has had a positive effect on reducing the gender pay gap, even favoring female employees when Senior Managers and above are removed from the population.

WHAT DID WE DO TO ADDRESS THE GAP IN 2018?



COREY FLOURNOY
Global Head of Inclusion and Diversity

“Groupon’s greatest strength lies in our workforce and our ability to understand and meet the evolving needs of our merchants and customers. Thus, we are committed to an inclusive culture that is representative of various backgrounds, including women in leadership and technology, to provide new perspectives and ideas, fresh ways of thinking that will lead to new opportunities and revenue potential in all aspects of our business.”

Following last year’s Gender Pay Gap Report, we have continued to weave Inclusion & Diversity into everything that we do. Below are a number of actions that we have taken to drive Inclusion & Diversity within Groupon during 2018:

1. Since we last reported in 2018, we have hired a Global Head of I&D, Corey Flournoy, who is driving Inclusion & Diversity globally within Groupon. Corey has launched a new engaging in-person training program entitled “Intentional Inclusion” that provides action-focused solutions to address non-inclusive practices and behaviours that impact interactions, engagement and decisions.
2. During 2018, The Talent Acquisition team rolled out the new Interview Toolkit and delivered comprehensive training across the organisation. In addition, our Talent Acquisition team have successfully updated and improved all of our Role Profiles, using

Textio, with a particular focus on attracting diverse candidates, using language that is proven to be more attractive to female applicants, please see Appendix #1. 100% of existing Role profiles have been improved through Textio, each now having a 90%+ diverse rating designed to ensure that our postings are gender-balanced.

3. Throughout 2018, Women at Groupon continued to provide an open platform for discussion across the business through a number of inclusive events. Some of the events in 2018 included: Brown Bag Lunches with guest speakers, taking part in many of the wellbeing initiatives during Wellness Week and the ongoing mentoring programme. The mentoring programme attracted 21 pairs in the UK, including 6 female mentors and 15 male mentors, as well as 20 female mentees and 1 male mentee. Of those that took part in the mentoring programme 100% of the mentors and 90% of the mentees would join the scheme again and would recommend it to someone else.
4. Developing an internal talent mobility framework was a key deliverable for 2018. During 2018 and 2019, we successfully launched the Internal Talent Marketplace in Poland and then in our Goods business across Europe with the key focus of promoting internal career development and inspiring employees and hiring managers to think ‘Groupon First’ when hiring or applying for roles.
5. The Flexible Working Policy at Groupon was updated in 2018 to offer employees greater flexibility when it comes to balancing the demands of parenting and working. By updating our policy we are ensuring that we are continually offering our employees relevant and useful benefits.
6. We have continued to utilise our Groupon Pulse surveys to assess our diversity efforts globally. In our UK office, there are some insights related to gender that we are working on. Males are more inclined to leave due to compensation reasons and females are more inclined to leave due to career opportunities and work life balance. The results of this survey allow us to identify further areas for improvement and a general understanding of what is valued by our employees varies by gender.

WHAT WILL GROUPON DO TO CONTINUE ADDRESSING THE GAP?



We place a high value on diversity at Groupon. Respect, Integrity & Inclusion is one of our key values as we believe that we should solve problems the right way, together. We don't just want to win, we want to win the right way. We'll celebrate difference and the ways it can change how we work and lead to bigger wins. We'll work across the company realising that success isn't a zero-sum game. We'll invite diverse perspectives and make sure we take on challenges in an honest, open and respectful manner.

In Groupon, we are confident that male and female employees are paid equally for doing equivalent jobs. However, the data shows that we can still do more to increase female representation at senior levels, for which we have a clear game plan:

1. Global I&D, led by Corey our new Global Inclusion and Diversity leader will continue to roll out the "Intentional Inclusion" training programme globally to provide action-focused solutions to address non-inclusive practices. In addition, Global I&D are launching the GREAT Leadership program which aims to connect, engage and support diverse high-performing people managers, director-level and "raises the bar" employees, positioning them to advance into senior management and executive roles.
2. The Talent Acquisition team will continue to provide the new Interview Toolkit and comprehensive interview training for all new and newly promoted managers. We will continue to improve our role profiles to ensure that to ensure that we are actively trying to attract diverse talent when recruiting for positions within Groupon. We will actively promote language

that is more gender conscious and this includes using language that is proven to be more attractive to female applicants.

3. In 2019, our Employee Resource Groups (ERGs) evolved into Global Pillars as a new way for employees to engage, work and support one another across the business. The Pillars will continue to provide a framework for cross-cultural collaboration and inclusive programming within and across Groupon's global offices. In all offices globally, several new programs and the majority of initiatives previously led by Employee Resource Groups will move under the Pillars structure. A key pillar is Careers that will help the business to attract the best possible talent for our roles, regardless of gender.
4. We are committed to developing our internal talent to enable them to progress their careers at Groupon. Following the successful launches in Poland and EMEA Goods we are planning to launch the Internal Talent Marketplace for all Countries in May 2019. The launch will focus on a 'Groupon First' mentality for hiring managers to think about internal talent first and for employees to think about internal career opportunities first. As a global organisation, we will continue to make it easier for our employees to progress their career at Groupon through new

policies, transparent communications and better use of our internal technology, .

5. The Flexible Working Policy at Groupon has been updated in 2018 and will continue to offer employees greater flexibility when it comes to balancing the demands of parenting and working. This flexible working arrangement allows for: part-time working, flexi-time, working from home, compressed hours, and other arrangements are also available for employees depending on their individual situations.
6. We have an established compensation framework that continues to ensure that our pay programmes are gender neutral. Our senior leaders have a part of their long-term compensation tied to having a diverse slate of candidates for senior level positions. We engage a third party to conduct a global pay review to ensure there are no systematic biases in our pay. We continue to provide manager training on compensation, audits to ensure that jobs are correctly levelled, and an expanded eligibility of formal bonus plans with consistent framework and eligibility across the organisation.

TO CONCLUDE

Groupon is committed to being an employer that actively promotes diversity, inclusion and equality in the workplace. In 2018 we identified that we had a gender pay gap driven by representation of females at senior management levels. Since then we have developed a framework with the goal of hiring, growing and inspiring diverse talent at Groupon. This framework resulted in a direct increase of female representation at the upper pay quartile by 11.1%. Once we exclude roles at Senior Manager level and above the pay gap becomes favourable to females. The median gender pay gap becomes -1.4% and the mean gender pay gap becomes -0.2%. As always though, there is still more work to do. In 2019, we will continue to leverage our successes and gains made in 2018 to ensure that we are growing a more diverse team resulting in an even stronger and more successful business for the future.

DECLARATION

Groupon's relevant business in the UK is registered as MyCityDeal Ltd. This report has been produced with pay data for MyCityDeal employees.

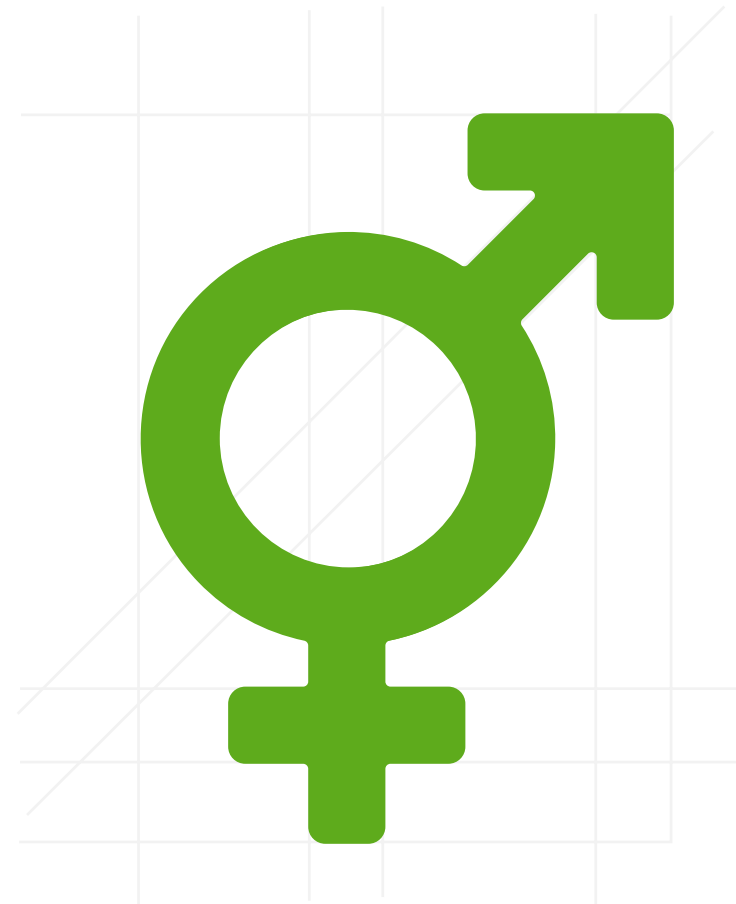
We confirm that our data has been calculated according to the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.



Maneesh Limaye, Global Head of Compensation & Benefits



Cathy O'Grady, Vice President, Human Resources, Groupon International



APPENDIX #1: SAMPLE OF USING TEXTIO SOFTWARE FOR OUR ROLE PROFILES...

Old Job Description Responsibilities

Responsibilities:

- *Execute the employment brand plans in support of sourcing, recruiting and hiring globally to include online and social media presence.*
- *Drive inclusive branding programs and measures results.*
- *Develop content for Groupon's employment brand social media platforms and ensuring they're representative of Groupon's overall consumer brand and employment brand.*
- *Collaborate with marketing social media team to ensure alignment between teams and strategies.*
- *Maintain a weekly social media communications calendar.*
- *Monitor and post updates/responses to inquiries in the social media channels (LinkedIn company careers page, LinkedIn group, Facebook Careers, Twitter)*
- *Present ideas to increase followers and candidate engagement via social channels.*
- *Manage and monitor recruiting tools and job boards.*
- *Manage changes and updates to the internal careers page.*
- *Maintain content on the Talent Acquisition intranet site with a special focus on educating recruiters about social recruiting.*
- *Develop best practices improvements and strategies.*

New Job Description Responsibilities (after being run through Textio):

You'll spend your time on the following:

- *You will think and act strategically to translate Groupon's employer brand and EVP to our local markets, positioning us as an employer of choice*
- *Craft engaging content ranging from blogs to social media to video in order to increase brand awareness*
- *Take ownership of various tools and programs related to extending the brand's reach, such as our People Blog, Glassdoor, and social media*
- *Partner with recruiters to deliver highly-targeted engagement campaigns to drive interest in (and applications to) Groupon jobs*
- *Build and maintain trust and influence with marketing, communication and engineering teams*
- *Perpetually iterate and improve any number of tools and resources to help recruiters in their mission to engage prospects and pitch the Groupon brand*
- *Provide measured, accurate analysis and feedback to allow the recruiting teams to scale and achieve operational efficiencies where possible*
- *Drive awareness of Groupon as a serious player in STEM (science, technology, engineering and mathematics), with specific focus on diversity, through external events and engagement such as conferences, seminars and careers fairs*
- *You will create efficiencies in all areas of financial planning through meticulous vendor management to ensure maximum value for Groupon*