

GROUPON UK

MyCityDeal Limited

GENDER PAY GAP

REPORT 2017



INTRODUCTION



CATHY O'GRADY
Groupon International HR Director

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.

This gender pay report focuses on the male/female pay gap which is part of a bigger and ongoing conversation at Groupon. The reasons behind gender pay gaps are complex. At Groupon, there is more work to do in terms of female representation at senior levels in the UK.

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.

Due to its nature as a global organisation, there are 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 2017, 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 that reads "Cathy O'Grady". The signature is written in a cursive, flowing style.

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 2017:

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?

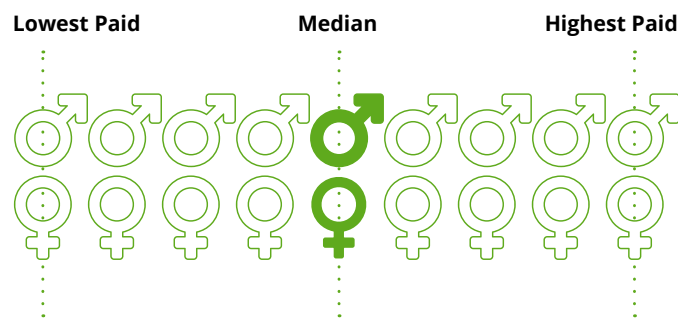
The pay quartile percentages are calculated by listing the rate of pay for each employee, lowest to highest. This list is then split into four equal sections. Each section is called a quartile. The percentage of male and female employees in each quartile is reported.

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

The gender pay gap and equal pay both deal with the disparity of pay females receive in the workplace in comparison to males. They are however two different measures.

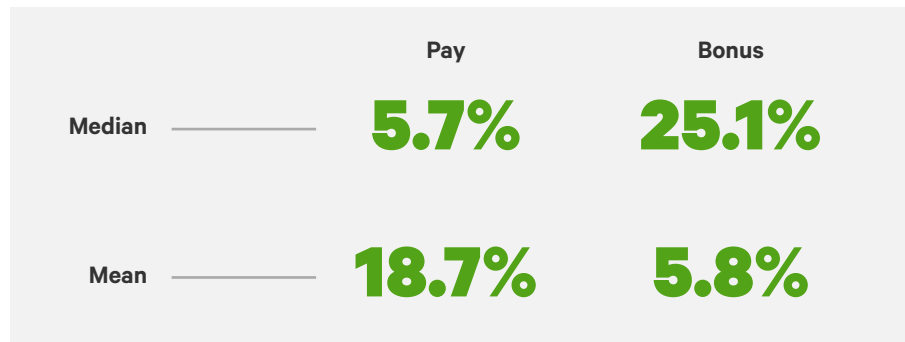
The gender pay gap is a broad measure of the difference between male and female's earnings across an organisation regardless of their area of work. It is expressed as a percentage of male employees' earnings.

Equal pay means that male and female employees in the same role performing equal work must receive equal pay, as set out in the Equality Act 2010.

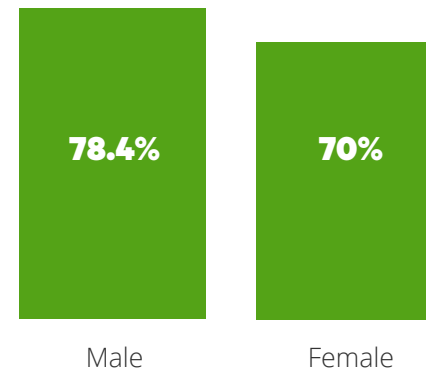
We have a compensation framework in place in Groupon that is based on market data. The market data is used to determine what the compensation is for each role. We regularly review employee compensation versus market data. Our analysis shows that we are paying competitively against the market and equally. Gender does not come into it.

OUR DATA AT A GLANCE

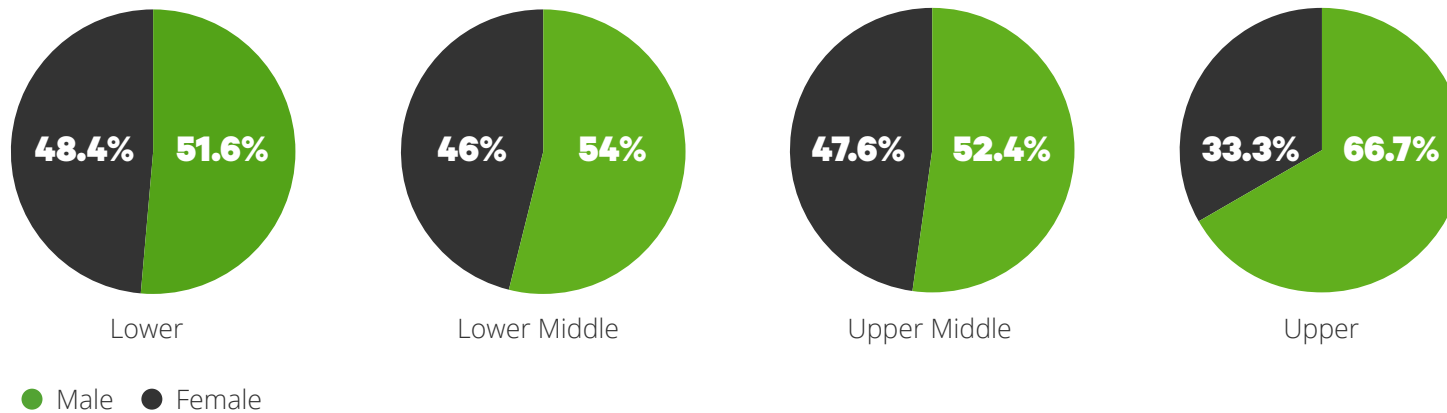
Hourly and Bonus Gender Gap



Percent receiving a bonus by gender



Quartile Analysis



OUR DATA EXPLAINED

Our median gender pay gap is 5.7%.

Our mean gender pay gap is 18.7%.

There is a higher representation of males at senior roles (upper quartile) which is a significant cause of this gap in the mean hourly pay. The pay quartile breakdown shows this. However, if we remove the data for Senior Manager and above roles, the mean hourly gap drops to 9.3% and the median hourly pay gap drops to a very low 1.4%.

Our median bonus pay gap is 25.1%.

Our mean bonus pay gap is 5.8%.

In addition to female representation at senior levels, there are two other factors driving the gap in bonus pay. Male employees have been in their roles longer than female employees with median tenure for male employees 20.4% higher. While we know that commissions and bonuses are not tenure-based, tenure does have an influence on an individual's results. Secondly, 5.1% of our employees work part-time, all of whom are female, and therefore earn less commission.

WHAT IS GROUPON DOING TO ADDRESS THE GAP



We place a high value on diversity at Groupon. Respect, Integrity & Inclusion are 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 realizing 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 have areas of improvement and we need more female representation at senior levels for which we have a clear game plan:

1. We will continue to live and breathe our Groupon values which we refreshed and re-launched in 2017. We continue to empower our leaders to own and drive inclusion, be this through unconscious bias training, situational leadership or values workshops. Diversity & inclusion continue to be a priority.
2. We will continue to attract talent from the most diverse pool possible. We have seen some progress in attracting more female candidates, re-phrasing some of our job descriptions using gender neutral language. In 2017, we developed a new interview toolkit for Hiring Managers based on Groupon values and objectives. This has been supported with training.

In 2018, to further combat gender bias in recruiting and hiring, we will be rolling out a new set of re-written job descriptions that are graded by Textio (textio.com) to ensure that postings are gender-balanced. We will also work with our Talent Acquisition team to improve female representation on final interview slates.

3. In 2017, we launched the Women at Groupon Employee Resource Group in the UK. This group has done an amazing job, establishing a mentor programme and providing an open platform for discussion. We will continue this work in the UK and look to rollout the Women at Groupon to more international locations during 2018.
4. We are committed to developing our internal talent to enable them to progress their careers at Groupon. For 2018, a key deliverable is a global career mobility framework. As a global organisation, we will make it easier for our employees to progress their career at

Groupon through new policies, better use of our internal technology and communications.

5. We have flexible working policies and a shared parental leave policy in place in the UK. We want to help our employees balance the demands of parenting and working. We will continue to review these and other policies with feedback from employees through our internal Pulse survey and through our ERGs.
6. We have an established compensation framework that ensures our pay programmes are gender neutral. This includes our senior leaders having a part of their long-term compensation tied to female representation at senior levels, providing manager training on compensation, regular compensation analysis to ensure no evidence of gender bias, 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 diversity, inclusion and equality. There is more work to do to address the points identified in this report, particularly representation of females at senior management levels. In 2017, we made some progress in actioning these. There is no easy solution; however Groupon has invested and will continue to invest in our diversity game plan to ensure that in future we will have a more diverse team resulting in an even stronger and more successful business.

DECLARATION

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

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



Julie Szudarek, President of Groupon International



Cathy O'Grady, Groupon International HR Director

