Gender Pay Gap
Report 2018
Sophos is committed to building an inclusive culture, where everyone feels they can do the best work of their careers. We believe that diversity of all types is critical to our ability to adapt to a fast-changing environment. A diverse workforce provides new outlooks and perspectives, which improve problem solving, and innovative outcomes. Our business simply performs better when employees from all backgrounds, age, race, sexual orientation, religion, national origin or gender work coherently together.

We pride ourselves on recognising and rewarding our team members based on the merits of their performance while embodying the Sophos values of simplicity, empowerment, passion, innovation, and authenticity.

In the U.K., legislation requires all companies with 250 or more employees to publish their gender pay gap. This examines the difference between the average hourly pay for men and women for our UK employees only. It should not be confused with ‘equal pay’, which is the legal right for men and women to be paid the same rate for performing the same work. We welcome this opportunity to reflect and test how we deliver on our internal commitment to inclusion and equality.

We continue to strive to improve our gender diversity at Sophos. In the last year, we offered unconscious bias training, sponsored various Women in Tech initiatives across the globe, and expanded our Sophos Women in Technology networking group. We are committed to continuing our work to put equality at our core, introduce improvements to our people programmes, and strengthen our efforts in improving diversity at Sophos.

Amanda Mallow
SVP & Chief Human Resources Officer
The gender pay gap is the measure of the difference between men’s and women’s hourly earnings in a company. This includes base pay, allowances, and any other bonus and incentive pay paid in April 2018. The formula for this is simple: take all such compensation for male employees at the company, add it up, calculate the median and the mean, and then do the same for all female employees, and then compare them. The gender bonus gap is the difference in all incentive pay received by men and women in the 12 months up to April 2018. This includes all bonuses, long-term incentives, and sales commission payments. This is a similar formula, but applied to incentive pay and calculated for the last 12 months rather than just for one month, as the gender pay gap is.

Please note that neither of these is designed to directly measure or assess the concept of ‘equal pay’. Equal pay involves a different question – does the company pay male and female employees the same amount for the same role, factoring in grade level, performance, geography, etc. The U.K. does not require public disclosure of equal pay statistics. Our pay programmes are focused on ensuring that we reward talent and performance equally regardless of gender or any other personal characteristics.

At Sophos, we believe that both gender pay gap/bonus gap and equal pay are important metrics to track.
Our Gender Pay Gap

As the chart shows, our median gender pay gap of 17.2% is lower than the U.K. 2017 average, which was 18.4%, and the provisional 2018 average of 17.9% [ONS]. We also remain ahead of our industry peers: the median gender pay gap for companies operating in the Information & Communication industry sector was 20.1% in 2017 [ONS].

<table>
<thead>
<tr>
<th>Quartile A M/F Split (lowest 25% of earners)</th>
<th>Quartile B M/F Split</th>
<th>Quartile C M/F Split</th>
<th>Quartile D M/F Split (highest 25% of earners)</th>
<th>Overall M/F Split</th>
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<tbody>
<tr>
<td>58%/42%</td>
<td>74%/26%</td>
<td>75%/25%</td>
<td>77%/23%</td>
<td>71%/29%</td>
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At Sophos, the level of participation in equity and bonus plans increases more steeply than salary with seniority. As a result, the greater proportion of men in senior roles has a more pronounced impact on the bonus gap than the pay gap.

Quartiles

The Quartiles analysis ranks men and women from the lowest to highest earners. This is then divided into four even groups to show the proportions of men and women in each of these four earnings groups.

The table shows that in all quartiles we have more men than women. We are pleased to recognise a greater representation of women in the upper two quartiles compared to our data for the previous year.
What Do the Results Mean?

We believe our gender pay gap is due to lower female representation at the higher levels of our organisation and the high percentage of men in specialist positions carrying a higher market premium. We believe the workforce profile explains a large proportion of the gender pay gap at Sophos, so we are pleased that our actions have resulted in the narrowing of that gap, and greater female representation in the upper levels of the organisation.

What Are We Doing to Encourage Diversity at Sophos and in the Technology Sector?

At Sophos we recognise the value of a truly diversified workforce and continue to invest in programmes and initiatives to increase the number of women across the company and to ensure equitable pay for all genders throughout the employee life cycle. The following is a sample of the programmes we run, and the approaches we take, to encourage diversity:

**Sophos Women in Technology**

The Sophos Women in Technology (SWiT) initiative was founded in 2017 in the U.K. and Canada to provide a forum for ideas and initiatives to make Sophos a great place for women to work in the technology sector. We now have active groups running in the U.K., U.S., Canada, and India, creating a global network to recognise all women at Sophos and provide support and guidance to help further their development and careers.
National Museum of Computing Sponsorship
Sophos has committed to sponsor the National Museum of Computing in Bletchley until 2020. Our funding has helped to completely refurbish a classroom, which is now used several times a week to host school children, with a particular focus on bringing girls into coding through STEM Girls days and coding clubs. We directly supported a recent STEM Girls day, with a presenter and resources, which was attended by over 80 young female students.

Women of Silicon Roundabout Conference
Sophos attended the Women of Silicon Roundabout Conference, which was established to enable people and organisations to connect, learn, and act on gender diversity and inclusion. Our sponsored stand provided an introduction to our company and insights into the wider cybersecurity industry. Also, 17 of our own female employees attended the keynotes, and a number of seminars and workshops.

Avenues into Tech
Women represented 33% of our annual intern intake in 2018 and, through proactive searching and targeted approaches, we have increased that to 41% for the 2019 intake.

We have continued to increase our work experience placements for school-aged children, hosting 27 students in 2018, 33% of which were girls.

Our new apprenticeship scheme provides an alternative route for women to pursue technical careers at Sophos, in addition to our more traditional intern and graduate intakes.

Tech She Can
As a founding organisation of the PWC Tech She Can initiative, Sophos continues to work with other tech organisations to increase the number of women working in technology roles in the U.K.

Flexible Working
We understand that traditional working patterns and inflexible hours can be a barrier for potential candidates and current employees alike. As the lines between our personal and working lives continue to blur, change, and evolve, we continue to promote flexible working practices that encourage a diverse workforce and help to balance the demands of work today.

Inclusion and Diversity
To help further our commitment, we plan to appoint a Diversity and Inclusion ‘champion’ to own and facilitate education and awareness programmes across the company.

As CFO and Director of Sophos Limited, I, Nick Bray, can confirm that the information contained herein is accurate.

Nick Bray
CFO and Director of Sophos Limited