Gender Pay Gap
Report 2019
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 rapidly 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, persons with disabilities, 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 U.K. 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 continue to strive to improve our gender diversity at Sophos, and welcome this opportunity to reflect and test how we deliver on our internal commitment to inclusion and equality.

Internally, we have strengthened our Sophos Women in Technology (SWIT) initiative. We now have dedicated regional SWIT leaders for our major locations around the globe to lead forums, networking and to affect change locally. We’ve extended our Sophos Internal Coaching Scheme globally to help with bespoke development needs and to support career growth at Sophos, and we have increased the number of senior women leaders who provide coaching. We’ve invested in dedicated LinkedIn learning collections on women in tech, influencing and assertiveness, and we’re rolling out “Negotiation Skills for Women” workshops.

We recognize that family-friendly policies are essential to cultivating an atmosphere where our employees can balance work and personal life. We have set minimum guidelines for paid leave globally for maternity and parental bonding, compassion and bereavement, and caregiver leave, bringing global harmonization of paid leave across Sophos.

Externally, we have broadened promotion of our intern and graduate schemes to attract greater diversity and focused our recruitment teams on generating diverse pools of talent.

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 2019. 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 2019. 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 is 23.3%, which is an increase from 17.2% in 2018. Our median bonus gap has improved and has reduced to 39.6% from 42.5% in 2018.

<table>
<thead>
<tr>
<th>Mean Pay Gap</th>
<th>Median Pay Gap</th>
<th>Mean Bonus Gap</th>
<th>Median Bonus Gap</th>
<th>Bonus Participation M/F Split</th>
</tr>
</thead>
<tbody>
<tr>
<td>24.7</td>
<td>23.3</td>
<td>59.7</td>
<td>39.6</td>
<td>87/89</td>
</tr>
</tbody>
</table>

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 Quartile 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.

<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>
</tr>
</thead>
<tbody>
<tr>
<td>60%/40%</td>
<td>69%/31%</td>
<td>75%/25%</td>
<td>81%/19%</td>
<td>71%/29%</td>
</tr>
</tbody>
</table>

The table shows that in all quartiles we have more men than women and our overall Male/Female split remains the same as 2018. We remain committed to improving the gender balance across our organisation and we have introduced a number of initiatives to do this.
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 recognise there is still work to do to improve the female representation within Sophos and have a number of initiatives now in place to enable us to do this.

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:

- **Recruitment**
  
  Recruitment and retention is a key focus for us. Our internal recruitment team is tasked with generating diverse pools of talent and actively inviting a 50/50 male/female split to all graduate and intern assessment days. We have also established links with a number of key academic institutions for intern and graduate hiring, with female representation and a diverse pipeline being a fundamental tenet
of our partnership. In 2019, we expanded our recruitment and onboarding training for managers, which included diversity and inclusion in the hiring process to address any unconscious bias.

In addition, we want to ensure female and male hires joining Sophos do so on a consistent salary level. We are therefore introducing stricter controls relating to the salaries being offered to candidates, and executive level review of offers, to ensure there are is no unconscious gender bias in the approval process.

Sophos Women in Technology

The Sophos Women in Technology (SWiT) initiative was founded in 2017, and we now have a companywide forum to share ideas and initiatives to make Sophos a great place for women to work in the technology sector. We have continued to strengthen this scheme and have recently appointed female leaders at our key global sites, supported by the HR team, who are looking at specific initiatives in their locations.

National Museum of Computing Sponsorship

Sophos has continued to sponsor the National Museum of Computing in Bletchley. 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 have been able to support this initiative further with Sophos staff on site. We have introduced paid volunteering days across Sophos, which will enable more employees to support this initiative going forward.

Women of Silicon Roundabout Conference

Sophos attends the Women of Silicon Roundabout Conference, which was established to enable people and organisations to connect, learn, and act on gender diversity and inclusion. The aim is for attendees to share actions, improvements and learnings upon their return to the business.

Avenues into Tech

In 2019 we increased our presence at U.K. university graduate fairs to further promote our intern and graduate schemes as well as Sophos as an employer, and we plan to do more of this in 2020. Of our current interns,
25% are female, and 33% of our graduates are female. This is an area of focus for us in 2020 and with direct approaches, attending graduate fairs and promoting Sophos more widely as a great place to work for females we hope to further increase the number of female graduates and interns in our business.

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 recognize that a diverse workforce comes with diverse needs. The work environment at Sophos is fast paced and at times intense, so we offer a high degree of flexibility to enable our employees to balance this with personal commitments. We launched an Employee Handbook in 2019 which outlines our approach to flexible working so it is clearly communicated to managers and employees.

Remuneration Audit
We conduct a global audit of compensation both before and after our annual review process in order to identify areas that require greater attention and take appropriate action. This year, we have enhanced our approach with a further mid-year compensation audit, which enables us to keep a closer eye on the situation and take targeted actions where needed, with a particular focus on any gender imbalance. We are augmenting this approach with standardized reporting of compensation by gender, which is shared with Sophos’s senior management team.

Inclusion and Diversity
To help further our commitment, we appointed a Diversity and Inclusion ‘champion’ in 2019 who owns and facilitates education and awareness programmes across the company. Various learning paths have been curated to underpin development areas that were flagged by female employees. This includes communication, influencing, and assertiveness training courses aimed specifically toward developing women. Management training for all levels of managers from new managers to directors and VPs has been piloted and is due to launch more widely across the U.K. In addition, the Sophos Coaching Program provides a diverse pool of coaches (outside of regular management hierarchy) that individuals can seek support from. The program fuels new ideas and ways of thinking and harnesses the best of our diverse workforce.

As Interim CFO and Director of Sophos Limited, I, Stuart Fillingham, can confirm that the information contained herein is accurate.

Stuart Fillingham
Interim CFO and Director of Sophos Limited