

2020 Publication | UK Gender Pay Gap Report

Red Hat strives to be a diverse and inclusive meritocracy where everyone has the opportunity to contribute. We believe that good ideas can come from anyone, anywhere, and that diversity fuels our culture by bringing in many perspectives and ideas, challenging our assumptions, and inspiring innovation.

Our approach to diversity and inclusion includes our goal of paying employees equitably for comparable roles, skills, and experience. One of the ways we enable this is by providing managers with guidance to support objective, data-driven, reward decisions.

As of April 2017, all companies in the United Kingdom (U.K.) with more than 250 employees are required to report statutory calculations annually showing their gender pay^[1] and bonus^[2] gaps. Red Hat views these ongoing requirements as an opportunity to highlight where we need to focus as we continue our efforts to build a more diverse workforce.

Key findings

Unadjusted pay gap

Unadjusted pay gap, also referred to as a pay gap, shows how much two groups of people—in this case females and males—earn when compared to each other. It is calculated by taking female employees' average salary and dividing by male employees' average salary. This data often reflects differences in factors such as types of work and job level. We refer to the result of this calculation as the "unadjusted pay gap" because it does not control for comparable roles, skills, and experience.

The mean pay gap is the difference between the average of males' and females' hourly rate of pay, and the median gap is the difference between the midpoints in the ranges of males' and females' hourly rate of pay; both figures are expressed as a percentage of male hourly rates of pay. These calculations are based on pay data for active employees as of April 5, 2019.

- $1\,$ Pay refers to ordinary pay (basic pay, allowances, pay for piecework, pay for annual leave,
- and shift premium pay) converted to an hourly rate.
- 2 Bonus pay includes pay related to profit sharing, productivity, performance, incentives, or commissions paid and received from April 6, 2018 to April 5, 2019.

Unadjusted pay gap percentages

Mean (average)	Median (middle)
25.7%	33.1%

Adjusted pay gap

The adjusted pay gap, also referred to as the pay equity gap, shows how people in comparable roles with comparable skills and experience are paid. In order to understand whether our pay gap data also reflects pay equity differences, we work with a third party to conduct a statistical analysis of pay for U.K. employees, controlling for factors such as role type (sales or non-sales), job level (management or individual contributor), location, and experience.

Consistent with previous years, the result of this analysis indicates that our mean and median pay gaps are largely explained by the different types of roles females and males are in, rather than differences in compensation, when controlling for factors such as those mentioned above. Red Hat is committed to increasing gender diversity across all levels and roles within our organization through hiring, promoting, and developing talent. In the "How are we making a difference?" section below we highlight some of the key initiatives we're currently engaging in to support gender diversity. However, if our adjusted pay gap analysis indicates differences exist, we take action to address them.

Pay quartiles

Pay quartile^[3] data shows how two groups of people—in this case males and females—are distributed when sorted from lowest to highest paid and then compared to each other. This data is then broken into quartiles and generally reflects the different types of roles females and males occupy. We've already shared how males and females are distributed throughout our global workforce,^[4] and are committed to continuing to foster diversity at all levels and across all functions within Red Hat

- 3 Pay quartile data is calculated using ordinary pay converted to an hourly rate.
- 4 Global data, as of February 2019, can be found at https://www.redhat.com/en/jobs/life/diversity.

Pay quartile percentages

Quartile	Males	Females	
Upper	89.6%		10.4%
Upper middle	85.2%		14.8%
Lower middle	74.1%		25.9%
Lower	54.5%		45.5%

Bonus pay gap

The mean bonus gap is the difference between the average of males' and females' bonuses paid, and the median gap is the difference between the midpoints in the ranges of males' and females' bonuses paid. Similar to our pay gap and pay quartile data, these outcomes are heavily influenced by the types of roles males and females are in. Further analysis confirms that the differences we see are primarily the result of the different types of roles females and males are in, and how those roles typically receive stock as a part of their compensation.

Bonus pay gap percentages

Mean (average)	Median (middle)
54.4%	54.7%

Proportion of employees receiving a bonus

This data is simply a calculation of the percentage of employees who receive a bonus. We researched the differences between males and females receiving bonuses and determined that they were primarily driven by the proximity of the associate's hire or termination date to the bonus payout date, as all of our employees are eligible to participate in one of our bonus plans.

Bonus percentages

	Females	Males
Percentage receiving bonus payment	92%	94%
Percentage not receiving bonus payment	8%	6%

How are we making a difference?

Red Hat believes in advancing women in the workplace, and providing equitable pay and equal opportunities for all employees. The following are some of the activities we engage in that support gender equality and pay equity.

- Providing training to managers on:
 - How to avoid unintended bias in talent processes including interview and selection, performance and development, and salary, promotion and other reward decisions
 - How to provide meaningful and actionable feedback for career development to all employees
 - Creating an environment of belonging, respect, and mutual support
- Operating a recruiting and hiring process that recognizes the value of a diverse workforce
- Conducting ongoing pay equity analyses as a part of our salary adjustment programs
- Promoting visibility of, and support for, diverse talent inside Red Hat through Diversity and Inclusion (D&I) communities, including a global Women's Leadership Community
- Building more inclusive team environments using research-backed tools and resources, including creating D&I toolkits that provide guidance, resources, and training opportunities for our associates
- Promoting opportunities in accelerated development programs for participants from diverse backgrounds
- Promoting inclusive team dynamics to foster an environment where employees feel they can contribute their ideas and can do their best work
- Supporting programs that introduce contributors from historically underrepresented backgrounds to open source
- Supporting flexible work schedules, including remote working, work from home and part-time employment

Declaration

We confirm that our data has been calculated in accordance with the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Michael O'Neill

Senior Director Finance and Director of Red Hat U.K. Limited

DeLisa Alexander

EVP and Chief People Officer

Aldisi K. alexander

Michael O'Neill