

# 2019 GENDER PAY GAP REPORT

April 2020

# Introduction

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Creating a workplace that works equally well for both women and men is important to everyone at Imagination not simply because it's the smart thing to do but because it is the right thing to do from a moral perspective.

At Imagination we understand that diversity and inclusion are key drivers of innovation, resilience and crucial elements of any successful company. By being an open, diverse and inclusive organisation, we can compete on a global-scale, delivering the industry-leading technology that our customers demand.

It's no secret that women are under-represented in our industry and in academia. We are passionate and committed to addressing gender imbalance in our industry. Whether it's inspiring young girls to study STEM subjects or offering flexible working to help juggle family and career, we want to help, nurture and produce future female leaders.

We know that the journey is only just beginning, and we have much to do to achieve our ambitions for diversity and inclusion.

We have published details of our gender pay statistics, as required by the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The following report sets out our Company position in more detail.

A handwritten signature in blue ink that reads "Ron Black". The signature is fluid and cursive, written on a white background.

Ron Black  
CEO

# Pay Reporting in Context

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Imagination Technologies is a privately owned Semiconductor Intellectual Property (IP) business, with headquarters in the UK and offices in ten other countries. This report covers our UK operations only, which consisted of 524 relevant full pay employees at the snapshot date, 5th April 2019.

The number of full pay relevant employees has increased slightly since our 2018 report, when there were 514.

In the UK, women are under-represented in Science, Technology, Engineering and Maths (STEM) occupations. In total, women make up 24% of all people employed in STEM occupations in 2019 and 10.6% of all people in professional engineering occupations. (Source: Women in Engineering and Science). This gender imbalance is reflected in our workforce as demonstrated by our analysis of Imagination's job structure covering executive, managerial, professional (individual contributor) and support roles. Since 2017, the proportion of women in our business covered by this report has increased from 12% to 15.6%.

Most of our engineering employees are highly educated hardware and software engineers. Most are educated to degree or master's degree level, with a significant minority holding doctorates.

The national average gender pay gap for all roles in the UK in 2019 was 17.3%; for full time positions, it was 8.9%. (source: Office of National Statistics).



# The Gender Pay Gap Defined

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The gender pay gap is a defined measure of the difference in the **average pay of men and women**, regardless of the nature of their work for their employer.

Within the sector that Imagination Technologies operates, men are typically over-represented in technical roles due to the historical lack of availability and recruitment of women with the requisite education. The gender pay gap differs from equal pay.



# Our 2019 results



These figures have been calculated using the mechanisms set out in the gender pay gap reporting legislation.

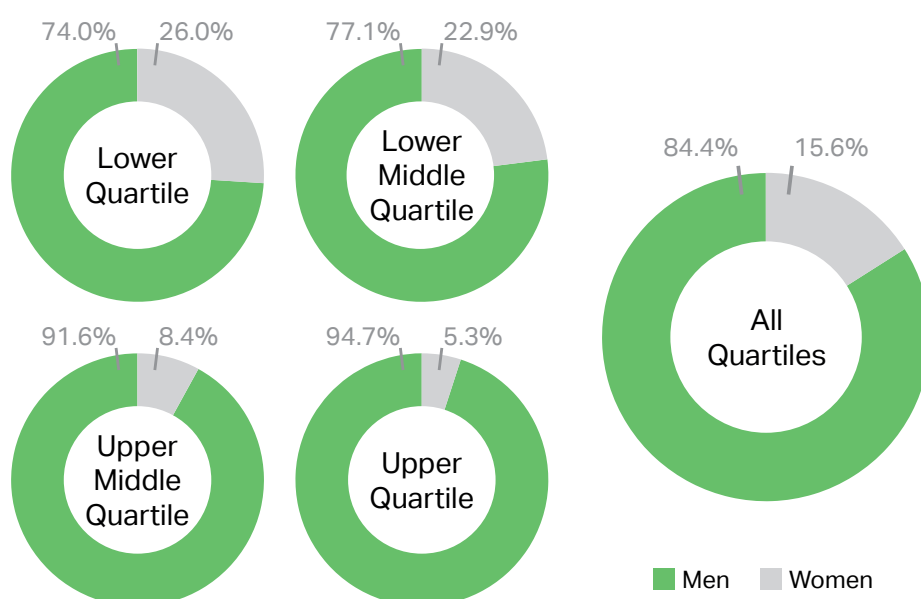
## Mean and Median Gender Pay and Bonus Gap

Difference between men and women	Mean (Average)	Median (Average)
Gender Pay Gap	25.2%	21.2%
Gender Bonus Gap	37.2%	20.0%

## Proportion of Men and Women Receiving Bonus Pay



## Proportion of full-pay men and women in each of the four quartile bands

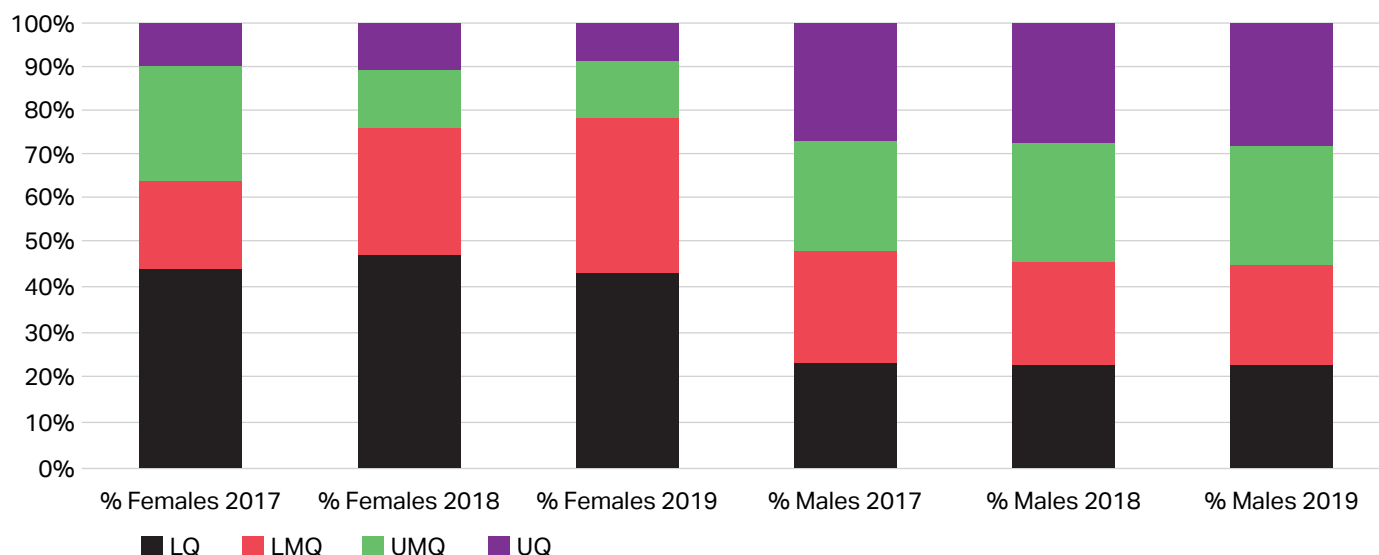


# Data Highlights



- We are reporting a wider gender pay gap than in 2018, by 4.2% at the mean and 1.5% at the median. This is the second year in a row that our pay gap has increased.
- We are reporting a narrower gender bonus gap - reduced by 2.4% at the mean and 29.4% at the median. This is the second year in a row that the bonus gap has decreased.
- As employees had access to bonus exchange into pension (salary sacrifice) for the first time in 2019, the basis of the comparison to 2018 has changed. If bonus exchange is not considered, the bonus gap is 36% at the mean and 22.8% at the median, which is a reduction of 3.6% at the mean and 26.6% at the median.
- Access to a bonus payment has slightly reduced from 2018, when 92.5% of men and 91.7% of women received a bonus payment. Again, this year receipt of a bonus is near equal between the genders.
- The below graph shows the three years of data relating to each pay quartile. The proportions of men in each quartile changed little over the three years, but the number of women in the upper middle and upper quartiles has declined over this period, most notably from 2017 to 2018, which has resulted in our wider pay gap.
- The proportion of women in the relevant full pay sample has increased from 12% in 2017, to 14.7% in 2018 and 15.6% in 2019. There are 442 men and 82 women in the current relevant sample, compared with 441 men and 76 women in 2018 and 692 men and 94 women in 2017.

Proportion of Males and Females in Each Quartile  
2017 - 2019



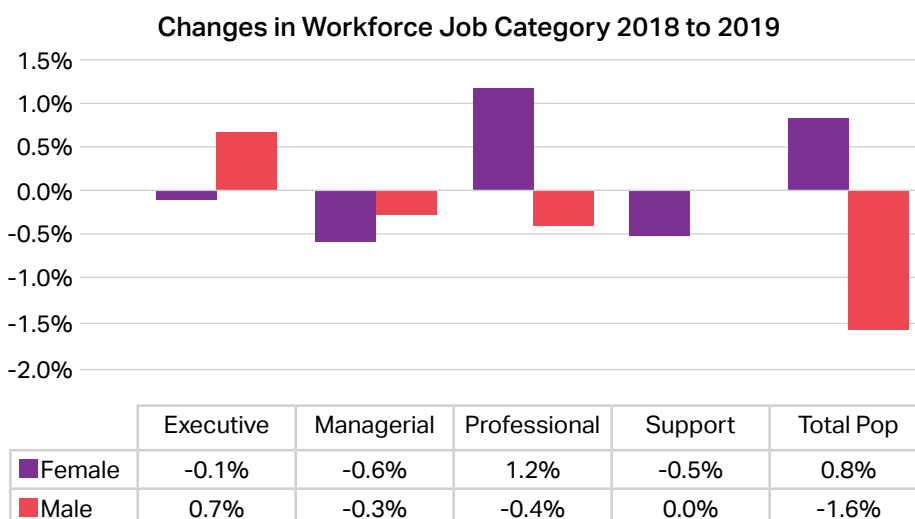
# Data Commentary



- The underlying cause of our pay gap is unchanged from 2017 and 2018: we do not have an equal representation of men and women across job categories within our organisation.
- Within the semiconductor industry, men are the dominant gender in professional engineering roles. In Imagination, **74%** (2017: 53%; 2018: 62%) of the women in the relevant sample worked in technology roles, compared with **88%** (2017: 92%; 2018 94%) of the men.
- Women were under-represented in the executive, managerial and professional job categories and over-represented in the support job category. The table below shows the proportion of each gender working in each of the job categories. This is calculated by dividing the number of male or female employees in each job family by the total number of employees of that gender.

Job family	% Women	% Men	% All
Executive	1.2%	3.4%	3.0%
Managerial	7.3%	14.7%	13.4%
Professional	68.3%	78.5%	76.9%
Support	23.2%	3.4%	6.7%
All Job Families	15.6%	84.4%	100.0%

These figures are very similar to those we calculated in 2017 and 2018. The graph below shows the changes in our workforce makeup from 2018:



The main change was an increase in professional employees, with the proportion of women in professional roles growing fastest. The actual number of women in executive and management positions was unchanged.

# Data Commentary continued...

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- Our gender pay gap is not driven by high numbers of women in part time, lower paid positions. 17% of women in the relevant sample were part time, compared with 2.7% of men. However, it is notable that 85% of the relevant part time women were in the lower and lower middle quartiles of pay while only 8.3% of the men were.
- Our analysis of a range of indicators does not seem to provide one clear reason for the increase in our gender pay gap.
- Of the employees in both the 2018 and 2019 reports, the women's mean hourly rate increased more than the men's.
- The total mean increase in hourly rate between 2018 and 2019 was a third lower for women, but the median increase in hourly rate was slightly higher.
- The makeup of our workforce in 2019 was very like 2018's, with the main change an increase in women in professional roles, which might suggest that the gap would be closed.
- Our variable pay arrangements have been different in each of the three years in which we have reported gender pay gap statistics.
- In 2017, we had no bonus arrangements and variable pay was offered in term of shares in the then public company.
- In 2018, payments were derived from two schemes:
  - On the sale of the Company into private ownership in November 2017, all outstanding shares were sold and paid to shareholders. This created a significant bonus event, especially for long standing employees.
  - The Company introduced an interim bonus scheme in 2016 which applied to all employees. This was also paid in November 2017. The scheme was based on business unit performance and the target bonus and actual pay out were the same percentage of salary, irrespective of role or seniority. There was variance however, between business units.

## Data Commentary continued...

- In 2019, variable pay was provided by the Company's first annual bonus scheme. An individual's target bonus was based on a percentage of base salary according to role and contribution. The target set was reflective of the market data for our sector, which we feel is appropriate for attracting and retaining the right talent for our business. Payment of the bonus was a set percentage of everyone's target. Given the distribution of the genders in each job family, we thought it likely to amplify the 2019 gender bonus gap, but this has not proved to be the case. This probably has more to do with the arrangements in 2018 and the extra payment event caused by the sale of the Company.
- Although the basic structure of the scheme has remained unchanged for payment of the bonus in 2020, there has been a change to individual performance payments, so it is likely that our bonus gap will change again in our next report.



# What we have done so far:

## Actions to April 2019

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- For the two and half years to the snapshot date, we reviewed and renewed our pay and benefits practices and the project is ongoing at the date of this report. The aim of this reward project is:

*"To provide Imagination with a reward strategy & structure that is fair and consistent, engages employees, rewards performance and provides career paths that enable personal growth".*

A key aim of the review is to reduce the pay and bonus gap over time. With the reward strategy instilling discipline and structure, we have already achieved the following changes to our practices.

- A market review of salaries and benefits for all staff. This was achieved in two stages: Engineering roles were reviewed in 2017 and corporate roles were reviewed in 2018.
- New processes which bring discipline to pay decisions upon recruitment, annual pay reviews, promotion, out of cycle salary adjustments and all other pay related matters to ensure equity and fairness were introduced in 2018.
- From the 2018 pay review on, the recommendations made are calibrated to ensure that there are no unjustified pay gaps between men and women performing similar roles.
- The annual pay review is based on market value and performance.
- A universal bonus scheme was introduced in 2018. Payment of the 2019 bonus included a universal personal performance element for the first time, which will feature in the next report.

We are still working towards delivery of the following projects:

- A consistent job architecture and career structure for our employees, which will be delivered in 2020.
- A global review of employee benefits.

Our longer-term targets fit with our vision and commitment to equality, including gender. We will continue to gather evidence, act and report on an annual basis while aiming to ensure that real progress is made towards our goals.

# Our ongoing commitments

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While a gender pay gap still exists, we recognise there is more to do and are committed to addressing the gap. At Imagination we have several initiatives either underway to help us address our gender pay gap.

## Ongoing awareness

- We will continuously look to address our gender imbalance within our workforce and report on our progress.
- We will continue to review our gender pay and bonus gap and report on our progress.

## Senior management commitment

We all have a role to play in closing the gender pay gap. The senior team at Imagination is keen to lead by example. Woz Ahmed, our CSO, is the company's champion for diversity and inclusion, ensuring it is a business priority for the Board. In addition, our CEO, Ron Black, regularly meets with the Women in Tech (WiT) group to provide support and hear feedback.

## Recruitment

We consider inclusion at all stages of employment, whether in the recruitment of new joiners, in supporting our employees to develop and progress in their careers, supporting returners, and in the retention of our most talented people. We continue to see improvements in recruitment through the following actions:

- Gender-balanced shortlists
- Using specialist technology to ensure gender-neutral vocabulary in all our job roles
- Using skill-based assessments in engineers' recruitment

## Retention and progression

We are focused on developing and progressing our female employees to be current and future leaders. We continue to see improvements through the following actions:

- Mentoring and coaching scheme
- Delivering unconscious bias training through specialist partners
- Promoting internal vacancies
- Offering flexible working
- Reviewing our compensation and benefits package

# Our ongoing commitments continued...

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## WiT Group

Our ambition at Imagination is to have an inclusive culture. Our Women in Technology (WiT) working group, is open to anyone to join, and meets regularly to promote awareness of gender issues as well as lead on specific activities. Through the group, Imagination has also become a member of WISE, a campaign for gender balance in science, technology and engineering. The WiT group is made up of volunteers and is:

- Championing equality, diversity and inclusion at Imagination
- Speaking at local schools and events on the positives of a career in STEM
- Inviting guest speakers to visit Imagination
- Identifying and attending networking opportunities
- Supporting awareness days
- Identifying additional opportunities to enhance the culture at Imagination

## STEM outreach programme

Through the WiT group, our STEM Outreach Programme was created. A team of volunteers have designed a session centred on programming and robotics for Key Stage 3 students. The aim of the session is to teach student the basic structure of robots and the difference between how robots and humans 'think' and ultimately, inspire them to consider studying STEM. To group is:

- Delivering the session to multiple local schools
- Engaging with local government to promote the programme
- Networking and connecting with other organisations to expand the programme reach and capabilities

## Actions we will take to close gender pay gaps within job roles/families

- Unconscious bias training for existing employees and new joiners. *We have reviewed and tested several approaches to this training before settling on a solution that was delivered in late 2019.*
- Analyse our current pay and set aside funds to right gender imbalance where there is no objective reason for it. *Our pay reviews are subject to careful calibration to ensure that there are no unjustifiable reasons for pay to be different between men and women in similar roles.*
- A key aim of our ongoing compensation and benefits review is increasing transparency in our pay, promotion and reward processes. *Our job architecture project will help to deliver this.*

# Director's statement

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At Imagination we want to see steady progress in addressing the gender pay and bonus gap, both in terms of what we're doing for our female employees and from STEM-centric industries as a collective.

I'm confident that with the support our employees and executive team, we will make progress to address this complex and challenging topic in the coming years.

As the Chief Executive Officer for Imagination Technologies Ltd. I, Ronald Black, confirm that the data contained in this report is accurate.

A handwritten signature in blue ink that reads "Ron Black".

Ron Black  
CEO