

## 2021 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 (D&I) 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<sup>[1]</sup> and bonus<sup>[2]</sup> 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 2 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 that amount 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' pay, and the median gap is the difference between the midpoints in the ranges of males' and females' pay. These calculations are based on data for active employees as of April 5, 2020.

<sup>1</sup> Pay refers to ordinary pay (basic pay, allowances, pay for piecework, pay for annual leave, and shift premium pay) converted to an hourly rate.

<sup>2</sup> Bonus includes pay related to profit sharing, productivity, performance, incentives, or commissions paid and received from April 6, 2019 to April 5, 2020.

#### Unadjusted pay gap percentages

Mean (average)	Median (middle)
25.3%	33.7%

#### Adjusted pay gap

Adjusted pay gap, also referred to as the pay equity gap, shows how people in comparable roles with comparable skills and experience are paid. 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 employees based in the U.K., 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 women and men 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<sup>[3]</sup> data shows how 2 groups of people—in this case, men and women—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 women and men occupy. We've previously shared

<sup>3</sup> Pay quartile data is calculated using ordinary pay converted to an hourly rate.

<sup>4</sup> Global data, as of February 2020, can be found at <https://www.redhat.com/en/jobs/life/diversity>.

how men and women are distributed throughout our global workforce,<sup>[4]</sup> and we are committed to continuing to foster diversity at all levels and across all functions within Red Hat.

### Pay quartile percentages

Quartile	Males	Females
Upper	87.9%	12.1%
Upper middle	85.2%	14.8%
Lower middle	73.6%	26.4%
Lower	55.4%	44.6%

### Bonus pay gap

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

### Bonus pay gap percentages

Mean (average)	Median (middle)
54.2%	52.2%

### Proportion of employees receiving a bonus

This data is a calculation of the percentage of employees who receive a bonus. We researched the differences between men and women 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

	Men	Women
Percentage receiving bonus payment	95%	95%
Percentage not receiving bonus payment	5%	5%

### How are we making a difference?

Red Hat is committed to advancing women in the workplace, providing equitable pay, and equal opportunities for all

employees. Our global [diversity & inclusion web page](#) states that "Diversity fuels our meritocratic culture by bringing in many perspectives and ideas, challenging our assumptions, and inspiring innovation." The following are some of the activities in which we engage to support equal opportunities and pay equity:

- Promoting the visibility of, and support for, diverse talent inside Red Hat through 8 D&I Communities, including a global Women's Leadership Community.
- Conducting regular pay equity analyses as a part of our salary program and recommending increases for targeted individuals based on outcomes of these analyses.
- Supporting flexible work schedules, including remote working, work from home, and part-time employment. With the onset of COVID-19, Red Hat has begun adding supplemental benefits to support well-being and at-home learning, including:
  - Sanvello: A mental health and well-being app (launched in early 2021).
  - Care.com Care@Work: A service that provides access to caregivers, elder care, pet care, and housekeeping online resources (launched in March 2021).
  - VP Engage: A well-being platform that focuses on self-care and developing healthy habits (launching in 2021).
- Building more inclusive team environments using research-backed tools and resources, including D&I toolkits and courses that provide guidance resources and learning opportunities for associates and managers.
  - The newly refreshed and relaunched Right for Red Hat course teaches hiring managers how to avoid unintended bias in the interview and selection process.
  - Newly launched courses and content in 2020 include:
    - Unconscious Bias: Steps to operate more fairly and effectively at work by identifying unconscious biases and their true impacts.
    - Inclusive Team Dynamics: 10 specific, actionable steps that can be used immediately, regardless of role, to promote trust and psychological safety within teams.
- Creating targeted, accelerated development program opportunities for participants from diverse backgrounds. While women comprise 25% of Red Hat's total associate base, they represent 31% of participants in accelerated leadership programs.
- Clarifying the role of the manager in our open culture with [Open Management Practices](#), which includes guidance on

## 2021 Publication | UK Gender Pay Gap Report

creating an environment of belonging, respect, and mutual support, and stresses the importance of using fair and consistent criteria for performance reviews, promotions, bonus allocation, and all other rewards.

- Promoting the role of the Red Hat hiring process to reinforce the value of a diverse workforce.
  - D&I is heavily promoted on [jobs.redhat.com](https://jobs.redhat.com) and Red Hat social media channels, highlighting the role of a diverse workforce in shaping our inclusive culture.
  - The majority of our 116 talent acquisition team members completed the newly refreshed and relaunched Right for Red Hat course, designed to support equitable hiring practices.

In addition to these actions to bolster pay equity internally at Red Hat, we also support several programs that introduce contributors from historically underrepresented backgrounds to open source such as Co.Lab and the Red Hat Open Source for Education (ROSE) project. Since 2014, Red Hat has also sponsored Open Source Day at the annual Grace Hopper Celebration, which highlights women in computing. More about these efforts, and our commitment to the advancement of women in technology, are located on our [diversity & inclusion web page](#).

### Declaration

We confirm that our data has been calculated following 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



Kent Pritchett  
VP, Total Rewards & Analytics  
Interim Leader, People Team  
Red Hat, Inc.

<sup>1</sup> Pay refers to ordinary pay (basic pay, allowances, pay for piecework, pay for annual leave, and shift premium pay) converted to an hourly rate.

<sup>2</sup> Bonus includes pay related to profit sharing, productivity, performance, incentives, or commissions paid and received from April 6, 2019 to April 5, 2020.

<sup>3</sup> Pay quartile data is calculated using ordinary pay converted to an hourly rate.

<sup>4</sup> Global data, as of February 2020, can be found at <https://www.redhat.com/en/jobs/life/diversity>.