UK gender pay gap report.

Gemalto UK Limited is required by law to publish an annual gender pay gap report. This is the report for the snapshot date of 5 April 2017. At the time of the report Gemalto UK Limited had a total of 195 men and 128 women in the relevant population. For the areas that are required for the report the results are:

> The mean gender pay gap is 38%
> The median gender pay gap is 39%
> The mean gender bonus gap 62%.
> The median gender bonus gap is 40%.
> The proportion of male employees in Gemalto UK Limited receiving a bonus is 97.5% and the proportion of female employees receiving a bonus is 100%.

Pay quartiles by gender

<table>
<thead>
<tr>
<th>Band</th>
<th>Males</th>
<th>Females</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>50%</td>
<td>50%</td>
<td>Includes all employees whose standard hourly rate places them at or below the lower quartile</td>
</tr>
<tr>
<td>B</td>
<td>44%</td>
<td>56%</td>
<td>Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median</td>
</tr>
<tr>
<td>C</td>
<td>68%</td>
<td>32%</td>
<td>Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile</td>
</tr>
<tr>
<td>D</td>
<td>79%</td>
<td>21%</td>
<td>Includes all employees whose standard hourly rate places them above the upper quartile</td>
</tr>
</tbody>
</table>

The figures set out above have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

What are the underlying causes of Gemalto UK Limited’s gender pay gap?

Under the law, men and women must receive equal pay for:
> the same or broadly similar work;
> work rated as equivalent under a job evaluation scheme; or work of equal value.

Gemalto UK Limited is committed to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. It has a clear policy of paying employees equally for the same or equivalent work, regardless of their sex (or any other characteristic set out above). As such, it:
> carries out pay and benefits audits on an annual basis and at various other times when required and appropriate;
> evaluates job roles and pay grades as necessary to ensure a fair structure.
In addition a formal training plan is in place to be delivered in 2018 to provide Managers involved in recruitment or pay reviews with a robust framework to use along with HR support.

We are therefore confident that our gender pay gap does not stem from paying men and women differently for the same or equivalent work. Rather, the gender pay gap is the result of the roles in which men and women work within the organisation and the salaries and bonuses that these roles attract.

Across the UK economy as a whole, men are more likely than women to be in senior roles (especially very senior roles at the top of organisations). In addition, men are more likely to be in sales and technical roles, which attract higher rates of pay than other roles at similar levels of seniority.

Women are also more likely than men to have had breaks from work that have affected their career progression, for example to bring up children. They are also more likely to work part time, and many of the jobs that are available across the UK on a part-time basis are relatively low paid.

This pattern from the UK economy as a whole is reflected in the make-up of Gemalto UK’s workforce, where the majority of technical, and senior manager roles are held by men. In addition, the majority of the relatively highly paid Sales roles are held by men and not women. This has become exacerbated over the past few years with the number of acquisitions of high tech organisations that Gemalto generally has made.

This can be seen above in the table depicting pay quartiles by gender. This shows Gemalto UK Limited’s workforce divided into four equal-sized groups based on hourly pay rates, with Band A including the lowest-paid 25% of employees (the lower quartile) and Band D covering the highest-paid 25% (the upper quartile). In order for there to be no gender pay gap, there would need to be an equal ratio of men to women in each Band. It is evident that there is an equal ration of men and women in the lower quartile, reflecting the balance of men and women in these roles. However, there is a marked difference in the percentage of male employees in Bands C and D, increasing from 44% in Band B to 79% in Band D.

**How does Gemalto UK limited’s gender pay gap compare with that of other organisations?**

In the UK high-tech sector, 74% of employees are male. In line with other industries, this reflects the segregation of women into clerical nontechnical/specialist roles: whereas, at more junior support levels, the split is 51% male; this rises to 74%–75% at the mid professional and managerial levels and peaks at executive jobs, with men comprising 87% of the workforce. This is largely reflected in Gemalto UK’s results.

The mean gender pay gap for the whole economy (according to the October 2017 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures) is 17.4%, while in the high tech sector it is 25%. At 38%, Gemalto’s mean gender pay gap is, therefore, higher than both that for the whole economy and that for our sector.

The median gender pay gap for the whole economy (according to the October 2017 ONS ASHE figures) is 18.4%, while in the high tech sector it is again 25%. At 39%, Gemalto’s median gender pay gap is, again higher than both that for the whole economy and that for our sector.

**Comparison with other organisations**

<table>
<thead>
<tr>
<th></th>
<th>Gemalto UK Limited</th>
<th>2017 Office for National Statistics Annual Survey of Hours and Earnings - whole sector</th>
<th>2017 reported High Technology Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean gender pay gap</td>
<td>38%</td>
<td>17.4%</td>
<td>25%</td>
</tr>
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<td>Median gender pay gap</td>
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<td>18.4%</td>
<td>25%</td>
</tr>
</tbody>
</table>

The mean gender bonus gap and the median gender bonus gap for Gemalto UK Limited are relatively large at 62% and 40%. Although 100% of women receive a bonus this gap is a direct reflection of the number of male employees we have in the Sales area which attracts large Incentive bonuses as opposed to the more general incentive plans in which the majority of women sit.

What is Gemalto UK Limited doing to address its gender pay gap?

It is evident that Gemalto has a job to do to ensure that the current gender pay gap is actively reduced. We are very conscious of this and are committed to addressing it wherever possible. As a result we have identified a number of steps that we can take to start to address this.

Although we currently collect gender related data, in 2017 we are introducing a more robust process. These include on-going monitoring of the following:

- the proportions of men and women applying for jobs and being recruited;
- the proportions of men and women applying for and obtaining promotions;
- the proportions of men and women leaving the organisation and their reasons for leaving;
- the numbers of men and women in each role and pay level;
- take-up of flexible working arrangements by gender and level within the organisation;
- the proportion of men and women who return to their original job after a period of maternity or other parental leave; and
- the proportion of men and women still in post a year on from a return to work after a period of maternity or other parental leave.

In terms of maternity policy, Gemalto UK Limited recognizes the value in terms of experience that can be lost if mothers do not return to work and the career gap that this can cause. Therefore we offer a bonus payment to returning mothers for the first year. Also, in terms of our Family Friendly Policies we have a very active approach to Flexible working. We offer the opportunity to all employees at every level of the business and currently have 3% of our population working some form of flexible pattern. We also have a positive attitude to working from home which allows a more flexible work-life balance for both genders.

As mentioned earlier we are also introducing training for Managers involved in recruiting and salary reviews to make them more aware of the need to consider their actions; not to positively discriminate, but to ensure a fair and equitable approach.

The Company generally has a proactive approach to encouraging women and has an active Women’s Network. In the UK the Company has recently started to work on a mentoring scheme, giving women at the early stages of their career the opportunity to have a guide and sounding board from a more experienced senior women mentor.

None of these initiatives will, of itself, remove the gender pay gap - and it may be several years before some have any impact at all. In the meantime, Gemalto UK Limited is committed to reporting on an annual basis on what it is doing to reduce the gender pay gap and the progress that it is making.

This report has been approved and signed on 19 February 2018 by Howard Berg, Gemalto UK Managing Director.