

Cisco UK Gender Pay Gap Report



Cisco's Future of Fairness in Action

Cisco's success depends on our people feeling inspired by their jobs and fulfilled in their careers. We believe strongly in the power of diverse thinking and support an inclusive culture, embracing and harnessing the talents all of our employees. Our inclusive culture helps build a trusting environment that drives the best teams, allows us to retain the best talent, and positions Cisco as a top employer.



What is Gender Pay Gap Reporting (GPGR)?

The Gender Pay Gap Reporting legislation requires employers in the UK with 250 or more employees to publish calculations every year showing the pay gap between their male and female employees. A pay gap identified through this reporting process shows a very broad overview of a gender pay comparison across the organisation without considering the actual work performed by the employees, their level or work history in and out of Cisco. GPGR, while effective at placing a spotlight on an important industry and cultural issue, does not help companies, or external parties, understand whether men and women, within an organisation, are paid fairly for doing similar work.

What Does Pay Parity Mean to Cisco?

Cisco believes that understanding and taking into account relevant business information is critical to understanding whether people are paid fairly within an organisation. That's why "pay parity" at Cisco means that Cisco's people are paid fairly – regardless of gender – based on roles, location, prior work experience, performance and other business relevant factors. To achieve this level analysis, our methodology and practice differs from that of GPGR.

Cisco's philosophy seeks to understand pay differences among employees doing similar work and address where necessary. We have now completed three cycles of global pay review including in the UK, all of which revealed a

healthy and fair pay practice. Our most recent pay parity review resulted in Cisco making minor adjustments to less than

0.3% of our UK employee population to bring them in alignment with their peers; providing our employees with the assurance that we continue to monitor pay practices and make adjustments where necessary.



What do we believe contributes to our Gender Pay Gap?

While Gender Pay Gap Reporting could help illuminate issues of pay fairness, Cisco believes that the focus should be on ensuring diverse representation across all levels of our organisation. There has been a longstanding issue of female representation at the higher levels of organisations and higher paid roles across many industries. The tech sector is no different. Our own pay parity review shows that people are paid fairly for the jobs they do, but we do have a higher representation of men in the higher paying roles (and roles with higher variable pay, which amplifies the difference for the bonus pay gap number above) which accounts for our gender pay gap using the GPGR methodology. Our results show we have more work to do in the representation of women at all levels and particularly in more senior levels of the organisation.

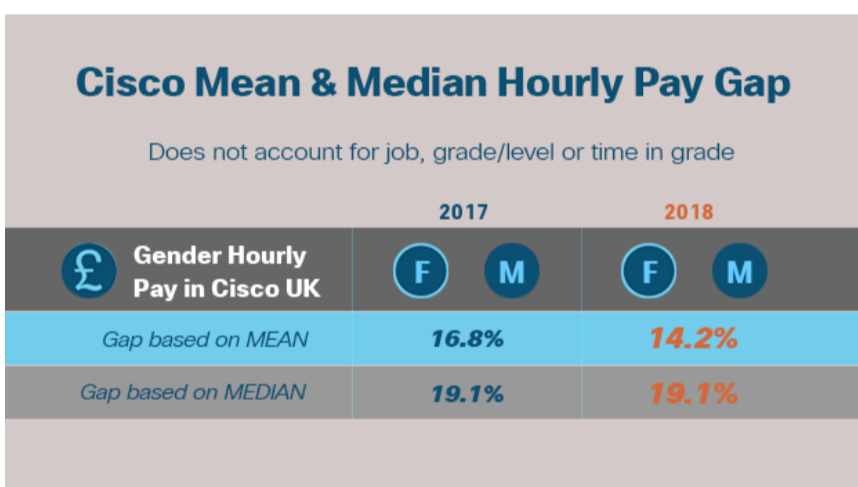
Cisco UK 2018 Gender Pay Gap Submission

Cisco welcomes GPGR's focus on gender pay differences. Cisco's 2017 GPGR report, published last year, clearly showed that having a balanced gender representation throughout the organisation is key to minimizing any gaps GPGR might identify. Whilst this is common across our industry, where representation of women in senior, higher paid and/or technical roles is substantially less than men, we remain committed to dealing with this not only through the actions we do internally, but also our work and partnerships externally.

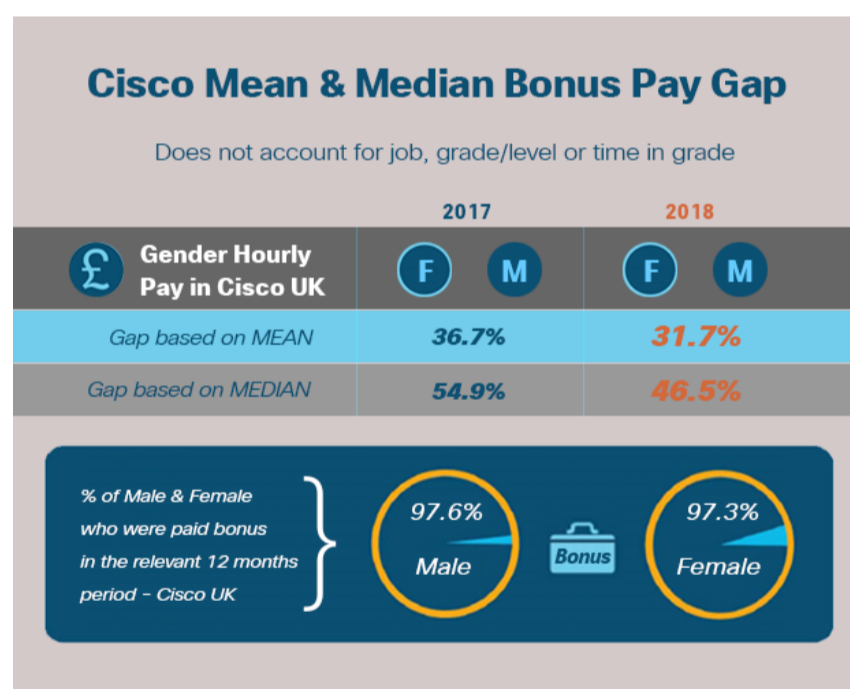
Understanding that this is a journey, our 2018 analysis shows positive movement in almost all indicators and suggests that our efforts to improve the representation of women in the organization, through retention efforts, promotions, and hiring practices, can have positive effects. Still, it can take years to see a sustained shift in representation and the eradication of the gender pay gap. Even with positive momentum, Cisco will continue to drive inclusion and diversity in its workforce.

In this year's submission, we are reporting:

- A decrease in the mean gender pay gap from 16.8% to 14.2%
- Our median gender pay gap remains the same at 19.1%
- A decrease in our mean gender bonus pay gap from 36.7% to 31.7%
- A decrease in our median gender bonus pay gap from 54.9% to 46.5%
- We are reporting increases in our female representation in the upper middle and upper quartile pay bands.



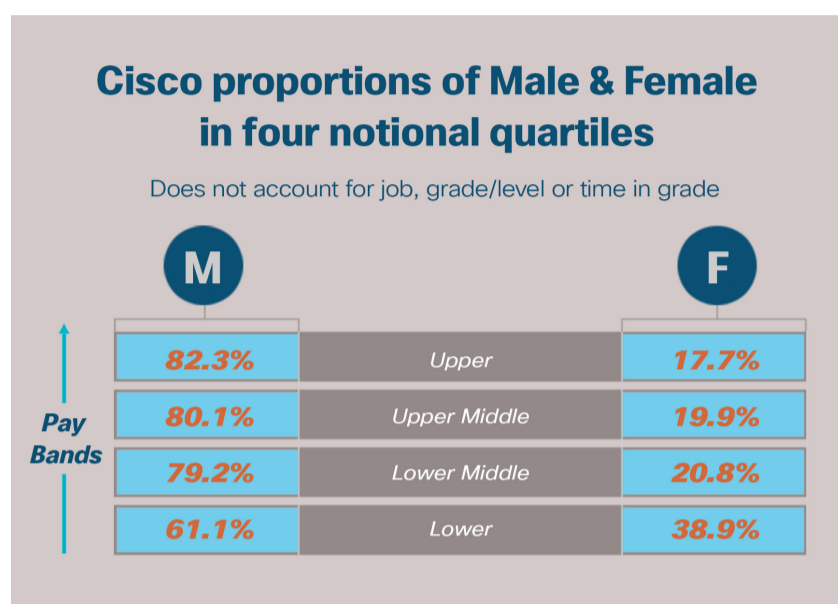
To put our Gender Pay Gap in to context, the Office for National Statistics in 2018 stated the Gender Pay Gap in the UK was a mean of 17.1%.



For the purposes of this analysis, a bonus is defined as any cash payment over and above the base salary.



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Comparing this year's to last year's submission of the representation of females in the four notional pay bands, we see the following results:

- Lower quartile – an increase of 1.9 percentage points
- Lower middle quartile – a decrease of 0.4 percentage points
- Upper middle quartile – an increase of 2.2 percentage points
- Upper quartile – an increase of 1.9 percentage points

What progress have we made addressing gender representation in our workforce to date?

Like many of our peers in technology, Cisco does not have an even distribution of males and females across all jobs and levels. In the UK, we have seen progress over the past three years with regards to our female representation in the organisation including:

- Our momentum to increase **female representation** across the organisation continues as women now make up 3% more of our overall organisation in the UK than 3 years ago.
- The representation of women as a share of Cisco's **new hires** exceed that of Cisco's current internal workforce. This positively impacts Cisco's overall female representation.
- While attracting talent is key, **retaining and promoting** our female talent is essential to a diverse workforce. The percentage of those leaving Cisco that are women is substantially less than the representation of women in the organisation.
- Females make up a higher percentage of the **promoted** population than the representation of women in the organisation.
- We have seen further increases this last financial year in the representation of females in our **higher graded roles**. Of particular note is we observed our largest female representation increases at the Director and Senior Manager grade levels. We have also seen a faster increase in female representation in our sales roles compared to our non-sales roles.
- When reviewing our **salary increase practice** over the past 3 years, our female population has participated at an even, or higher rate than our male population in any given year.



What actions are we taking to close the gap?

To be the most important and trusted technology partner in the world, we know we must have a diverse and inclusive global workforce committed to technology innovation that connects us all. We strive to build a workforce that reflects our society and has a broad range of backgrounds. As part of our commitment to having a diverse and inclusive workforce, we continue to invest in a number of programmes focused specifically on our female employees, including the following:

- Accelerating diversity starts with the ways we find and attract extraordinary talent. Our **Diverse Talent Accelerators** suite of solutions provides us with powerful analytics we can use to more accurately map the talent market and adjust our searches to target diverse candidates.
- Cisco's **DARE** (Development, Authenticity, Readiness, Excellence) Women's Development Programme addresses the needs of women early in career and our **JUMP** programme develops world-class, next generation female leaders. Nearly 250 employees have attended this programme
- **Connected Women and WISE** (Women in Science and Engineering) are global employee communities, with UK representation and participation. They build community within Cisco, share best practices and learning and help attract, develop, retain and celebrate talented women as part of a competitive and diverse workforce.
- In 2018, we implemented major changes to our **compensation structure and systems**, providing our leaders with deeper insight in to market pay rates as part of rewards planning. These insights help leaders understand how pay compares to similar jobs (inside and outside of Cisco) in the same location with the goal of enabling them to make better, fairer decisions about pay for their employees as they prioritise investments.
- In 2019, we have further enhanced our **benefits for parents** and also changed the language from gender stereotypical language (e.g. maternity, paternity) to Main and Supporting Caregiver leave. These benefits are offered regardless of gender and family make up and there is no longer a length of service requirement to be eligible for these enhanced pay periods.
- A new Employee Resource Group has been created in the region called **Back to Business** which offers support to employees returning to work from any period of extended leave, including forms of parental leave. This group provides support for all, not just those on maternity leave. In addition, this group has launched guidance for those on Main Caregiver Leave and are next focussing on providing guidance to managers.
- **Women of Impact** is an annual conference devoted to the development and advancement of professional women. It has grown in the 7 years since its inception to over 15,000 attendees. The audience includes Cisco women employees, male allies, our Cisco partners, customers, students and other external participants.
- **Together We're Better Week** is a truly exceptional week in the Cisco calendar. Our teams hear from inspiring Leaders, courageous employees and innovative external organisations to help us drive inclusion.

In addition to the many actions we are taking to affect change within our own organisation, we continue to invest in programmes to develop and attract diverse talent externally

- Cisco is a proud partner of the prestigious **30% Club** which is committed to better gender balance at all levels of organisations.
- Cisco is a corporate subscriber to **Women on Boards UK** (WOB). Women on Boards' focus is to encourage, inspire and actively support women - from all sectors - to find their own pathway to the boardroom.
- Our **Pathway to Your Future** programme offers 16-18 year old girls the opportunity to join us for four days of exploring the diverse range of careers available the technology industry. To date over 600 girls have been through this programme.
- Cisco also supports **Girls Powertech Day**, which is a global event encouraging girls aged 13 to 18 to consider education and career paths in STEM. We welcomed over 100 girls in 2018 in the UK.

Ongoing Commitment

We're expanding how we think about fairness and leading a new dialogue on the possibilities we can create in this era of digital transformation – for Cisco, our people, our partners and our customers. We call this thought leadership dialogue the "Future of Fairness".

Pay Parity and the programmes discussed here are examples of Cisco's ongoing commitment to Fairness. That's the Future of Fairness in action.



Scot Gardner,
Chief Executive,
Cisco UK & Ireland

"In this complex and changing world, we firmly believe that diversity should be a mandate: it brings diversity of ideas, perspectives, backgrounds and ways of seeing the world which create the opportunity for creative problem solving and innovation. It isn't just about having diverse teams, we focus on creating an inclusive culture, one where everyone can be their best and bring their whole self to any situation. When they can, their authenticity shines through.

We are incredibly passionate about diversity in the workplace and are working to create a more even distribution of men and women across all jobs and levels of the organisation. We will continue to build on our existing and innovative programmes to help us achieve our goal.

We support the government's focus on gender pay equality, and whilst I am pleased with the progress we have made, I know there is still more to be done. Everyone has the opportunity to make small choices today to help make a long-term difference to our culture of inclusion. We need to change the equation for diversity in the Tech Industry. Together we have the opportunity to continue to innovate and create a better future.

Our Gender Pay Gap figures have been calculated in line with the regulations set out in the Gender Pay Gap reporting."

Americas Headquarters
Cisco Systems, Inc.
San Jose, CA

Asia Pacific Headquarters
Cisco Systems (USA) Pte. Ltd.
Singapore

Europe Headquarters
Cisco Systems International BV Amsterdam,
The Netherlands

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