

FICO Gender Pay Gap Report –  
United Kingdom



# Our Commitment



**STEVE HADAWAY**

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It is the unique vision, perspective and abilities of our people that represent FICO’s competitive advantage in allowing us to address the varied needs of a global client base. Fostering an environment that ensures equal opportunity and that truly values individual differences through mutual respect is critical to the success of our business.

As part of that overarching goal, increasing workforce diversity continues as both an immediate and long-term priority for us. This report summarizes ways in which progress continues to be made and outlines our commitment to ongoing investments in this important area.



**Gender Pay Gap vs. Equal Pay**

FICO is committed to equal pay for equal work. As part of our compensation and rewards planning processes, we formally evaluate and take steps to ensure that our equal pay standard is maintained.

Gender pay gap statistics measure something different: the difference in average pay between men and women without regard to job type or job level or other objective job-related factors. As explained in this report, our gender pay gap is driven by workforce demographics – namely, differences in the representation of men and women across certain job types and levels within our UK operation. We are addressing this challenge through efforts to achieve higher levels of gender diversity across our organization.



# Our numbers and what they say

Our mean average gender pay gap is driven by two factors. First, among the most highly compensated roles in our UK operation are those involved in selling our solutions. Currently, men occupy a much larger percentage of those sales roles than women. Similarly, men currently occupy the majority of our UK-based senior leadership roles. The above-average salaries of these groups greatly influence the mean pay gap statistic. That said, our ongoing efforts to recruit qualified women for sales and senior leader roles within our business have made progress, with our mean gender pay gap declining 2.8 percentage points, an improvement from our 2017 gap of almost 10 percent.

All FICO colleagues participate in a cash-based incentive plan appropriate for their role type. Those in sales roles participate in our Sales Incentive Plan and have a compensation structure that is highly leveraged toward incentive earnings (commission awards) versus base pay. These higher sales incentive earnings are reflected in the bonus gender pay gap calculation. Those in non-sales roles participate in our Broad-Based Incentive Plan, which involves less emphasis on incentive pay relative to those in selling roles.

In addition to cash incentives, FICO offers a Long-Term Incentive Plan (LTIP) through which it grants stock-based compensation. LTIP awards generally target more senior-level roles responsible for making strategic decisions aligned with the creation of long-term value for our shareholders..

29.9%

Average gender pay gap as a **mean** average

34.6%

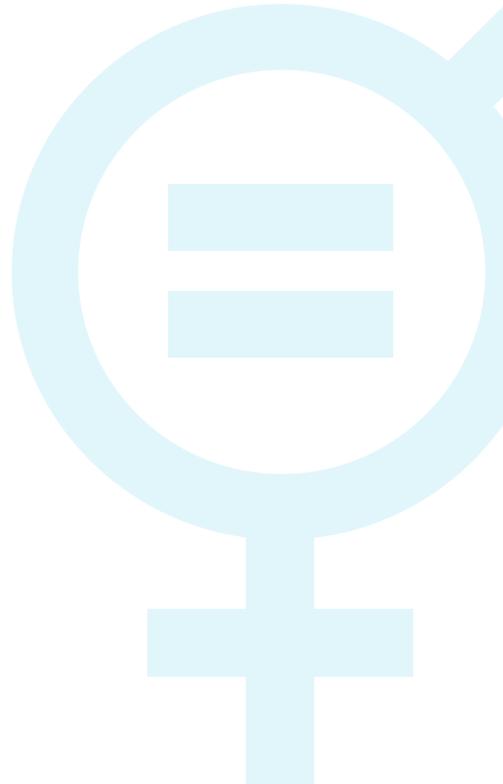
Average gender pay gap as a **median** average

69.2%

Average bonus gender pay gap as a **mean** average

48.8%

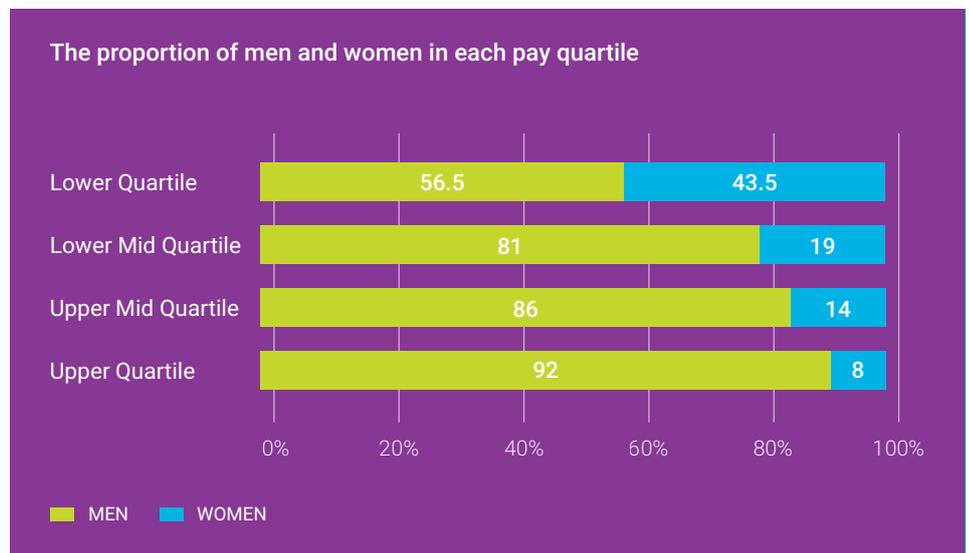
Average bonus gender pay gap as a **median** average



The 69.2 percent mean bonus gap statistic reflects the fact that men occupy the majority of our sales and senior leader roles, both of which carry much larger incentive earnings potential. Similar to the reduction in our mean pay gap, continued efforts to increase the representation of qualified women in these higher paid roles resulted in the mean bonus pay gap declining by 2.5 percentage points over the past year.



There was a small difference in the percentage of men and women receiving a bonus payment in the relevant period. After adjusting for the impact of new hire activity (recent new hires are generally not eligible for a bonus award), this difference disappears with both 97 percent of eligible men and women receiving a 2018 bonus award.



The distribution of men and women by pay quartile is driven by the lower representation of women in job types with higher levels of total compensation opportunity (e.g., sales and senior leader roles). The above numbers do reflect a substantial improvement in the Upper Middle Quartile to 14 percent (vs. 9 percent in 2017).

# What we are doing to address the gap



We continue to pursue a multi-pronged, company-wide strategy to improve the level of gender diversity across our business, inclusive of the above-referenced sales and senior leadership roles.



## Recruiting Practices

We regularly review our recruiting and selection practices to enhance our ability to find and include diverse candidates in our qualified applicant pools. Our practices include adopting a formal service level agreement-based approach designed to reset expectations with hiring managers about the time required to assemble these pools. Since implementing this approach, the percentage of roles filled by women has increased significantly over the last several years. In the twelve-month period ended February 2019, 35 percent of all new hires across the UK and wider EMEA region were women (vs. 19 percent in calendar year 2016). We expect this upward trend in hiring women to continue to grow as targeted recruiting efforts gain momentum. The availability of qualified women software engineers and data scientists graduating from top universities has also markedly increased – and we’re experiencing that change, with women continuing to represent around 50 percent of our graduate programme hires over the past two years.

Additionally, it’s our policy to not have recruiters ask candidates for current or previous salary details during the offer negotiation process. Instead FICO create highly competitive offer terms based on the current market value of the role in question. This help to ensure that new hires joining our business are rewarded equitably across similar role types.



## Corporate Policies

Based on engagement survey feedback, we re-evaluated and significantly expanded our family leave policies to increase the level of financial support available under both maternity and paternity provisions. As part of that enhancement, we also encourage flexible work schedules and part-time re-boarding schedules for birth mothers.



## Promoting Dialogue and Development

To foster networking and dialogue, we continue to invest in the Women@FICO programme with chapters at all major office locations globally. Frequently attended by senior leaders, these groups meet regularly to share experiences, engage in mentoring, meet with guest speakers and discuss strategies to help build the level of gender diversity across our business.



### Culture-Focused Education

Sponsored by our executive team, we continue to invest in a broad workforce education effort highlighting the business value of gender diversity, the risks of unconscious bias, and tools and strategies aimed at developing self-empowerment. These initiatives have taken the form of half-day workforce education workshops and supporting e-learning content which continues to be rolled out to our global workforce to very positive reactions.



### Developing Women Leaders

FICO sponsors a number of women-focused development programmes, including an external mentoring programme (Menttium) which targets the development of high-potential women into senior leadership roles, FICO also sponsors participation in the annual Diversity in Tech conference in London and the annual Women in Technology International (WITI) conference. Women have strong representation in our annual Great Manager Program designed to promote growth into senior leadership roles.

Perhaps most impactful has been FICO’s talent management programme, which is designed to identify and develop high-potential leaders ready for promotion to senior and executive leadership roles. This programme focuses careful attention and assessment of individual leadership capabilities and ensures an objective approach is applied to the identification and evaluation of all promotion candidates. The structured nature of this approach has ensured fair representation of women being considered for promotion and led to a 16 percent increase in the number of women in executive leader roles over the past two-year period

While targeted change related to the above efforts will take time, we are seeing a positive impact. We remain committed to continuing these efforts, as well as the pursuit of incremental investments, to accelerate our progress.





## About FICO

FICO (NYSE: FICO) powers decisions that help people and businesses around the world prosper. Founded in 1956 and based in Silicon Valley, the company is a pioneer in the use of predictive analytics and data science to improve operational decisions. FICO holds more than 190 US and foreign patents on technologies that increase profitability, customer satisfaction and growth for businesses in financial services, telecommunications, health care, retail and many other industries. Using FICO solutions, businesses in more than 100 countries do everything from protecting 2.6 billion payment cards from fraud, to helping people get credit, to ensuring that millions of airplanes and rental cars are in the right place at the right time.

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