

Adobe UK 2019

GENDER PAY REPORT

INTRODUCTION



“Adobe’s values are built on the foundation that our people and how we treat one another are what make us a great company. Diversity is about valuing the unique life experience that every employee brings to work every day. Our success is dependent upon it.”

*Shantanu Narayen
Chairman, President and Chief Executive Officer, Adobe*

John Warnock and Chuck Geschke founded Adobe on three fundamental principles: Our people are our most important asset. Good ideas come from everywhere. And build a company where you would want to work yourself.

More than 35 years later, Adobe continues to be passionate about building a diverse and inclusive environment for all our employees, customers, partners, and the technology industry as a whole. We call our vision Adobe for All, a commitment to progress that will help grow and develop our employees. Fundamental to this vision is our belief that when people feel respected and included, they’re inspired to be more creative, innovative and successful.

At Adobe we have made steady progress improving our gender

diversity mix over the last few years, but we still have work to do. We publicly share our diversity demographics annually to provide awareness, spur conversation and inspire action into diversity and inclusion within Adobe and across the industry.

We want every Adobe employee to feel they have fair compensation and opportunity and we invest in analysis and transparency to demonstrate that commitment. In 2018, we achieved global gender pay parity between men and women globally across nearly 40 countries and we reaffirmed global gender pay parity in September 2019.

Now we are pursuing a new initiative we call **opportunity parity** – examining fairness in promotions and horizontal movement across demographic groups.

Adobe’s strategy on pay and opportunity parity is detailed further on page 3 of this report. This was another critical milestone in Adobe’s ongoing commitment to providing employees with a workplace that is inclusive, innovative and exceptional.

We support annual gender pay reporting of companies across the UK as an important vehicle to spur conversation and provide valuable transparency for our UK workforce, future candidates and stakeholders.

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Adobe's mean pay gap in the UK decreased marginally from 20% in 2018 to 18.4% in 2019, while our median pay gap fell further from 19% to 15.5% in 2019, reflecting a year-on-year median base pay increase of 8.3% for females against 3.8% for males. Since 2017, the mean measure has remained relatively stable, with an overall 0.2% increase. In contrast the median has decreased year-on-year since our reports began in 2017.

The reduction in the median pay reflects a 33% increase in female headcount (compared to a 22% increase for males) and a 8% increase in female earnings compared to last year – both of which contributed to narrowing the median pay gap. Adobe also had an increase in the proportion of females in senior roles within our UK business. As of April 2019, 25% of females are in the upper quartile, an increase of 3% points compared to 2018. This upper quartile value exceeds the average benchmarks when comparing our results against our direct competitors (upper quartile 18%) and the Software & IT Services Sector as a whole (upper quartile 17%)¹.

It is important to distinguish gender pay from pay parity, which is about ensuring that men and women are paid fairly relative to one another, based on role and location. Adobe began regular pay parity analysis in 2016, and in October 2018 we announced that we achieved **global pay parity** – a significant milestone in our effort to create a culture that fairly rewards and recognizes the contributions of all of our employees.

Pay parity is never really done, especially in a company growing as rapidly as Adobe. We are committed to sustaining it over time and are closely monitoring our ongoing hiring, acquisition and rewards practices to ensure that we do.

In 2019, we announced that we have maintained global pay parity and are pursuing a new initiative we call **opportunity parity** – examining fairness in promotions and horizontal movement across demographic groups. To the best of our knowledge, there isn't any clear industry standard for how to measure or address opportunity parity. We shared our first findings in September 2019, which showed both global gender promotion rates were within 0.2% of one another, with women higher. Moving forward, we plan to extend our promotions analysis to our organizations and major geographic regions as well as developing our first findings on horizontal movement.



Adobe UK Pay Gap:

Shows the difference between the average pay of all male and female employees. Does not take into account employees' specific roles or seniority, or how these impact pay.

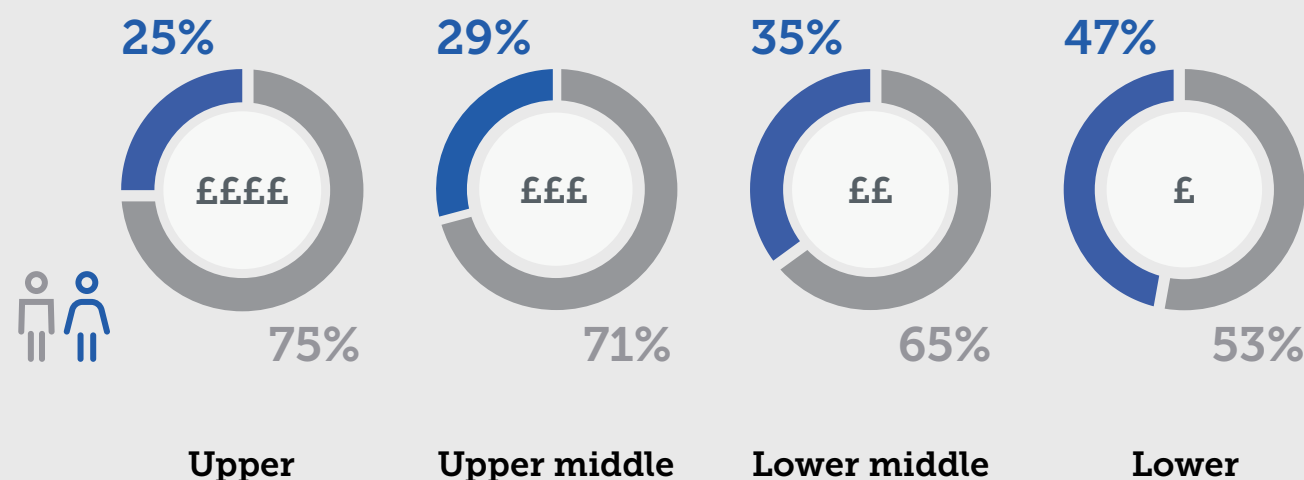
Mean pay gap
18.4%

Median pay gap
15.5%



Pay Quartiles:

Proportion of males and females in each of four equally-sized pay quartiles.



GENDER PAY REPORT 2019

Adobe's median bonus gap decreased in the year to April 2019 – by 8.3% – as did the mean bonus gap, which decreased 5.8%. This was due to an increase in female earnings in the top 25% of employee earnings, of which equity vesting was the main contributor.

Overall, in the year to April 2019 we saw an increase of 20% year-on-year in the number of UK employees receiving a bonus. However, the proportion for both men and women receiving bonus decreased from 2018 to 2019 due to more employees in the UK being not eligible to receive a bonus. For men the decrease was from 91% last year to 89% this year, and for women 88% to 84% respectively. The main factor that contributed to this was an increase in new hires starting after our October 1st eligibility cut off and therefore not eligible for bonus.

The bonus pay gap calculation is based on a number of Adobe rewards programmes offered to employees, with most of our bonus pay covered under three plans:

- Our Annual Incentive Plan (AIP), which is based on a combination of company achievement and individual performance
- A commission-based plan for sales employees, which offers compensation based on individual performance
- And an equity (RSU) grant programme

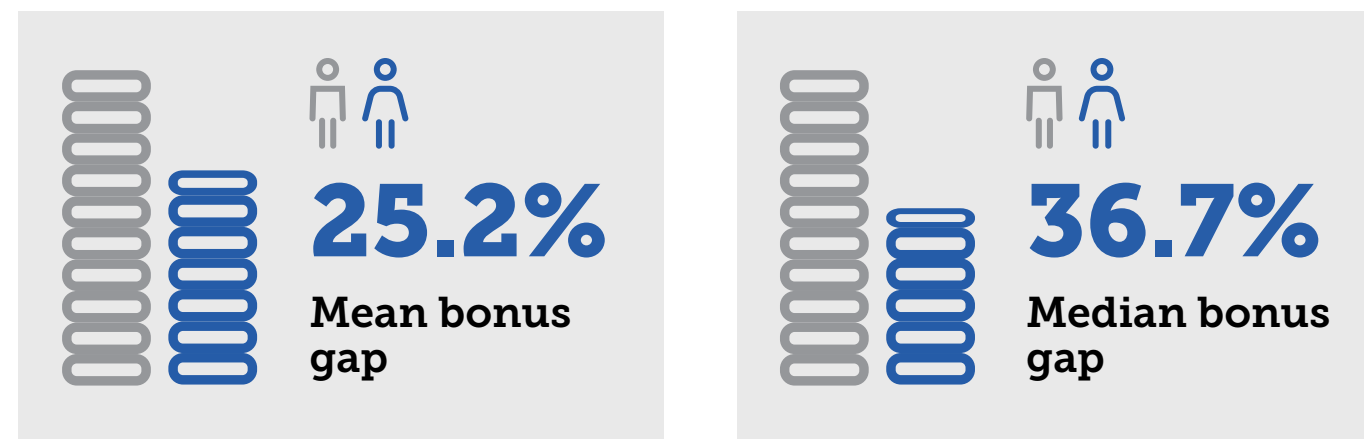
Employees who are eligible to receive a bonus are permanent employees who have joined prior to October 1st in the period reported and have met the performance criteria associated with their bonus program. Bonuses are paid in the year following the year worked.

Gender diversity continues to be a challenge for the Tech industry, and one we are focused on addressing. In fiscal year 2019, our gender mix in the UK slightly exceeded the global gender mix across Adobe. While we are making progress, we need to continue to do more to improve our diversity mix.

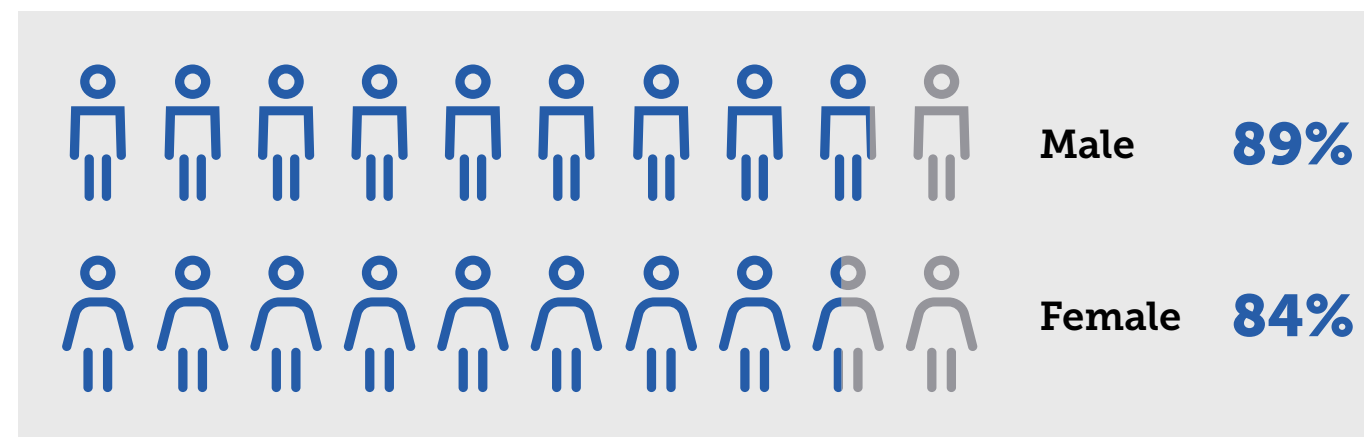


Adobe UK Bonus Gap:

Shows the difference between the average bonus pay of all male and female employees.



Proportion of employees who received a bonus:²



Taking **ACTION**

Closing the gender pay gap is an important step in our commitment to ensure our workforce is diverse, inclusive, and full of opportunity for everyone.

We realize it takes a long-term commitment to significantly change the make-up of our workforce. We are continuing investment in four main strategic areas:



1. Committing to the next generation

In the UK, and in many countries, not enough women are pursuing technology careers. That's why we are committed to growing a more diverse talent pipeline by bringing more women and underrepresented youth to careers in technology. Our education initiatives are focused on supporting greater workforce diversity by investing in programmes that cultivate the next generation of creatives and coders. In 2019 in the UK, we continued to sponsor Your Future Your Ambition (YFYA) and for the first time partnered with Code Camp to host school holiday programme for kids. Our goal with these programmes is to connect with those who never thought of themselves as working in technology and open their minds to the possibilities of technology as a career choice.



"At Adobe, we're committed to our Adobe For All vision – the belief that everyone deserves respect and equal treatment regardless of gender, age or anything else that makes us who we are. Diversity is all about the value we place on the unique and varied life experiences that our people bring to work every day, while inclusivity gives everyone the opportunity to succeed. The Gender Pay Report for 2019 proves that this is working, showing that we're narrowing the gap across our organisation in the UK. We are proud of our progress so far and will continue to invest strategically to drive greater diversity and inclusion at Adobe and beyond."

Tania Garrett
Senior Director of Employee Experience, International

2. Hiring diverse candidates

In fiscal 2019, 36 percent of Adobe's new hires globally were women. But we're not where we want to be. We continue to focus on evolving our hiring practices, including making sure that our interviewers come from diverse backgrounds and developing training programmes which help our hiring managers mitigate potential bias and make balanced hiring decisions. We are helping

our Talent team lead the way, with targeted training from our D&I teams and using Textio, a tool that ensure we have gender neutral job descriptions. In the UK and globally we also collaborate with a number of industry partners, including LinkedIn, to help us identify and recruit diverse talent.

3. Creating an inclusive environment for our employees

At Adobe we strive to create a workplace where our employees can do their best work and drive their career growth in an environment where every employee feels they belong. We're committed to fair-pay practises around the globe as well as family-friendly leave and benefits programmes that help people integrate work and life, including six months fully-paid time off for all new mothers globally. We've continued to build our employee networks and clubs to foster community, and we offer learning and development opportunities to help all employees reach their full potential. These include initiatives that help identify, develop and promote

female talent, and help more women into senior management levels. In the last three years we have seen significant participation in the UK and Europe in a number of these programmes including our Leadership Circles, Voice & Influence Circles and Women's Executive Shadow Programme. This has resulted in Adobe being ranked by Great Place to Work in its Best Workplaces for Women in the UK for 2019. Ultimately, these initiatives contribute to making our workforce more diverse, engaged and better positioned to make a meaningful impact on the world.

4. Helping to move the industry forward

Diversity and inclusion aren't just important to Adobe – they are essential to the health of the technology and creative industries as well as the economy at large. We actively support our customers, suppliers, partners, and peers as they work to improve their own workplaces, policies and practices. We meet regularly with the leaders of our customers' and partners' companies to share best practice on improving diversity and inclusion at our workplace and provide open source materials through our Adobe for All In Action programme. We're also purchasing more goods and services

from diverse suppliers through a new global Supplier Diversity program that is helping us identify, partner with, and purchase from businesses that are certified as majority-owned and operated by women and other underrepresented groups. Finally, we are participating in organisations dedicated to driving change. In 2019, we hosted a Creative Business Jam mentoring 50 start-up entrepreneurs from diverse backgrounds with tech, marketing, business and accounting advice.



Director **DECLARATION**

We confirm that our data has been calculated according to the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. The calculation methodology has been checked and approved by our lawyers. We confirm that these figures have been verified and are accurate.

