

Newport Wafer Fab Limited
Gender Pay Report – July 2019

Background - Newport Wafer Fab Limited

Newport Wafer Fab Limited is situated in Newport, South Wales, developing and manufacturing internal integrated circuits and discreet products for the analog and mixed signal markets.

Newport Wafer Fab Limited has a strong legacy of technology and process development; with a mission to become the World's first integrated Silicon and Silicon on Compound Semiconductor Foundry.

Newport Wafer Fab Limited was established on 29 September 2017 by Neptune 6, having previously traded as IR Newport Limited under the ownership of global Infineon Technologies. With a history since 1982, Newport Wafer Fab Limited employs in excess of 250 employees within the UK all based at our site in Newport, South Wales.

Context

In accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, Newport Wafer Fab Limited is required to publish an annual gender pay gap report (as detailed herein).

The gender pay gap report below is based on a snapshot date of 5 April 2019 and the previous 12 months in respect of bonus payments.

Our reporting data is as follows:

- We employ 248 men and 102 women.
- Our technical and engineering departments have 84% male and 16% female employees
- In our manufacturing department the breakdown is 57% male to 43% female. In the supervisory group in the manufacturing areas we have 11 female supervisors and 9 male.
- The mean gender pay gap for Newport Wafer Fab Limited is 23.74%.
- The median gender pay gap for Newport Wafer Fab Limited is 15.59%.
- The mean gender bonus gap for Newport Wafer Fab Limited is 31.10%.
- The median gender bonus gap for Newport Wafer Fab Limited is 7.64%.
- The proportion of male employees in Newport Wafer Fab Limited receiving a bonus is 90.67% and the proportion of female employees receiving a bonus is 91.18%.

Pay quartiles by gender

Band	Males	Females	Description
A - Lower Quartile	57%	43%	Includes all employees whose standard hourly rate places them at or below the lower quartile
B	68%	32%	Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median
C	72%	28%	Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
D	92%	8%	Includes all employees whose standard hourly rate places them above the upper quartile

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 Newport Wafer Fab Limited's gender pay gap?

Newport Wafer Fab 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 reviews at regular intervals
- Evaluates job roles and pay grades as necessary to ensure a fair structure.

Newport Wafer Fab Limited is confident that its gender pay gap does not stem from paying men and women differently for the same or equivalent work. Rather its gender pay gap is the result of the roles in which men and women work within the organisation and the salaries that these roles attract.

As is common across the UK economy, our workforce reflects the following societal influences and patterns:

- There are a higher proportion of men, compared to women, in more senior roles - especially very senior roles at the top of the organisation. In turn, women are more likely than men to be in front-line roles at the lower end of the organisation. This is primarily due to the following factors below;
- men are more likely to be in technical and science-related roles (which we primarily employ), which attract higher rates of pay than other roles at similar levels of seniority;
- women are more likely than men to have had breaks from work that have affected their career progression, for example to bring up children;

- Women are also more likely to work part time, and many of the jobs that are available on a part-time basis are relatively the lower paid;
- Men tend to have longer continuous service and therefore achieve higher salaries over time. Women tend to have a shorter period of continuous service, and therefore do not always reach the higher salary levels;
- ONS information from the 2017 data shows that the gender pay gap increases with age, the highest average gap is in the 50 to 59 age category. This group is the largest in our workforce, with 150 people in this category.
- Our high employee retention rates act as an obstacle for us to attract a younger and/or female employee base to achieve a more balanced workforce.

This pattern can be seen above in the table depicting pay quartiles by gender. This shows Newport Wafer Fab 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. However, within Newport Wafer Fab Limited, 43.1% of the employees in Band A are women and 56.9% men. Whereas, the percentage of male employees increases throughout the remaining Bands, from 68.5% in Band B to 92.4% in Band D.

How does Newport Wafer Fab Limited's gender pay gap compare with that of other organisations?

The vast majority of organisations have a gender pay gap and our gap compares with that of other organisations, including those within our sector industry.

Whilst our mean gender pay gap (at 23.74%) is higher than the average for the whole economy (at 17.9%) (according to the October 2018 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures), we consider this is reflective of the nature of our workforce and industry. We take into account that our workforce is:

- primarily technical roles in the STEM sector – predominantly and traditionally worked by men;
- long-service employees (average length of service is 12 years) – predominantly worked by men;
- an older than average workforce (our average employee is aged 47) with our older workforce predominantly consisting of men;
- primarily full-time positions – predominantly worked by men.

We also acknowledge that our workforce is based in Newport, South Wales, which has a tradition of male dominated roles within our industry/sector.

In addition, when assessing our data in terms of cash amounts rather than percentage terms, the figures involved are comparatively small.

We also note that the proportion of women who received a bonus in the 12 months up to 5 April 2019 was higher than that of men. This, along with the small difference (7.64%) in our median gender bonus gap demonstrate our commitment to equal pay in bonus awards.

What is Newport Wafer Fab Limited doing to address its gender pay gap?

We are pleased to see a year-on-year improvement in our gender pay gap, reducing from 29.4% in 2017 to 26.8% in 2018 and now down again to 23.7% which demonstrates our efforts are having an effect.

While Newport Wafer Fab Limited's gender pay gap compares with that of organisations both across the whole UK economy and within the STEM sector, Newport Wafer Fab Limited remains committed to ensuring fair and equal pay across its organisation and reducing its current gap as much as possible. Not only is Newport Wafer

Fab Limited committed to eliminating any internal practices that may result in a gender pay disparity, it is also committed to tackling some of the external societal root causes that have resulted in its current pay gap.

The steps that Newport Wafer Fab Limited has taken over the last year to promote gender diversity in all areas of both its current and future workforce include the following:

- **Participated in a Girls in STEM programme**, which involves bringing female school students aged between 13 to 15 on site to show them careers they could have in the semiconductor industry and the career opportunities that could be available to them should they decide to pursue STEM subjects at school.
- **Worked with Engineering Education Scheme Wales programme** in which businesses sponsor with groups of year 11 and 12 students on projects related to their industry. During the 2018/19 academic year we supported 5 project teams from three schools in South Wales.
- **Working with the wider Compound Semiconductor Cluster to design an exhibition in Techniquest** to encourage younger children to consider a career in the semiconductor industry.
- **Actively developed working relationships with local universities** providing industry insights and work placements for undergraduate and Masters students as well as supporting Cardiff University with post Doctoral support programme which will see us sponsor one PhD student per year over the next 5 years.
- **Encouraging female employees to take part in further education** – of our group who are studying for a BTEC in Electrical and Electronic Engineering, 38% are female.
- **Objective recruitment processes:** To eliminate potential unconscious bias with our recruitment processes, we adopt a fair and objective selection criterion on interview.

Whilst we appreciate that 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, Newport Wafer Fab 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.

In the coming year, Newport Wafer Fab is also committed to:

- Reviewing our company pay and benefits structure
- Continue to participate in a number of initiatives to encourage younger students especially female students to study STEM subjects.

Any further initiatives launched throughout the year will be reported on the company intranet.

I, Simon Argent, Human Resources Director, confirm that the information in this statement is accurate.

Signed: *S Argent*

Date: 08/07/2019