



Sulzer UK gender pay gap – general statement 2018

The leadership team in the UK is pleased to note that the second gender pay gap reports for those Sulzer businesses that need to report, show data that is largely stable with some signs of improvement. The results remain below the national average and are, we believe, competitive within our industry.

The work involved in producing these reports, as well as the insight it gives into our business, continues to be valuable and we are in the process of improving our recruitment practices whilst we also look at ways to engage more with our local communities and encourage more young people to take up a career in engineering. These reviews are also helping us to continue to assess our remuneration practices and to compare ourselves to market to ensure that we remain competitive.

We are committed to continue reporting our gender pay gap over the forthcoming years and to take actions to close the gap wherever possible.

Sulzer's values are **Operational Excellence**, **Customer Partnership** and **Committed People**. Our culture is to value the success and contribution of all of our people and to build on their strengths and diversity. We are passionate in ensuring that these values are upheld, and we are proud to be leading companies that have incredibly talented people – both men and women – at all levels.

Andrew Percy
Head Legal Entity
Sulzer Pumps (UK) Ltd

Chris Powles
Head of Electro Mechanical
Services EMEA

Luke Guilfoyle
Head of HR, UK

Sulzer Pumps (UK) Ltd gender pay gap reporting 2018

Difference in mean pay	7.81%	Difference in mean bonus pay	32.65%
Difference in median pay	11.07%	Difference in median bonus pay	25.65%
Proportion of men / women who received bonus pay in the relevant period	Men 28.60% Women 33.33%		
Number of men / women in the quartile pay bands: Upper, Upper Middle, Lower Middle, Lower		Women	Men
	U	11.20%	88.80%
	UM	10.40%	89.60%
	LM	5.60%	94.40%
	L	23.20%	76.80%

Introduction

Sulzer Pumps (UK) Ltd is required by law to publish an annual gender pay gap report. This is the report for the snapshot date of 5 April 2018 and is the second such report produced for the Company. The figures set out above have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

It should be noted that the reported statistics only look at the gap between men's pay and women's pay in general and do not look at the actual jobs that they do. As the Office for National Statistics explains about gender pay gaps in their 'Annual Survey of Hours and Earnings: 2016 provisional results'; "figures do not show differences in rates of pay for comparable jobs, as they are affected by factors such as the proportion of men and women in different occupations. For example, a higher proportion of women work in occupations such as administration and caring, which tend to offer lower salaries".

Reward principles at Sulzer Pumps (UK) Ltd

Sulzer Pumps (UK) Ltd remains 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. This commitment extends to our reward and remuneration processes and the Company has a policy of paying employees equally for the same or equivalent work, regardless of their sex (or any other characteristic as set out above).

In determining reward for our staff, we balance a number of factors, including the general economic climate, company performance, and the external market for the types of role that we offer. Whilst for some employee areas there is also a consideration of individual performance in their reward profile, in many areas we have set rates for roles and internal grading structures. In addition, we carry out pay and benefit audits on a regular basis.

We consider reward from a total remuneration perspective and believe that we offer a market competitive benefits package to all of our employees. This includes access to a company-wide bonus (based on company profitability) which is offered to all employees who do not have access to a personal bonus plan.

Assessment of gender pay gap calculations and comparison to 2017

Median pay

In 2017, the median pay gap for Sulzer Pumps (UK) Ltd was 13.74%. In 2018, this figure has reduced significantly to 11.07%. Whilst this still shows that there is a gender pay gap within the business, it has moved in the right direction and remains significantly lower than the national average gender pay gap of 17.9% published in the ONS Report 'Gender Pay Gap in the UK:2018'.

In line with most other manufacturing and engineering companies, Sulzer Pumps (UK) Ltd has a largely male workforce. However, the percentage of females employed within our business increased from 11.7% in 2017 to 12.6% in 2018 in line with our stated recruitment strategy outlined in the 2017 report.

The types of roles that we employ are largely skilled production, technical and engineering roles and, as is true in the wider UK economy and within our industry in particular, these roles are predominantly held by men. The ONS report on Gender Pay Gap in the UK:2018 notes that the average gender pay gap for skilled trades in the UK is 23.9% which helps give additional context to the SPUK gender pay gap figure.

As with last year, analysis shows that the gender pay gap that exists is as a result of the different roles performed by men and women within our business rather than as a result of paying different rates for the same role.

The business make up outlined in 2017, based on our approach to encouraging internal career development, remains broadly the same with a large number of our managerial and skilled engineering roles held by men and the majority of our administrative roles held by women. The ONS study, 'Women in the Labour Market 2013' showed that across the UK, 77% of administrative roles were held by women whereas only 11% of plant and machine operatives were women and only 10% of skilled trades were women. It is this split in the types of roles undertaken by men and women within the business (mirroring that in the country as a whole) that continues to account for the gender pay gap within SPUK. This also helps explain the differences within the pay quartiles outlined above.

It is worth noting that the pay quartile information has also changed relatively significantly since the 2017 report as well. The percentage of women within the upper pay quartile has increased from 9.45% to 11.2% whilst the numbers within the upper middle pay quartile have increased from 8.59% to 10.4%. Interestingly there has been a corresponding reduction in the percentage of women within the lower quartile which has reduced from 24.22% to 23.2%. Considering that the overall female numbers within our business have increased these figures clearly show that the profile of our female population is gradually changing.

Mean pay

At 7.81%, the mean pay gap in SPUK is lower than the median pay gap. Again this has reduced significantly from 2017 when the mean pay gap was 10.35%. The ONS recommends that median earnings are a more accurate reflection of any gender pay gap than mean earnings as mean earnings can be unduly skewed by high or low earnings. As with 2017, we have therefore focused on median earnings in this report.

Bonus payments

There has been a widening in the pay gap linked to bonuses since 2017. This is primarily because business performance in 2017 meant that we did not make a “company-wide” bonus payment in 2018. In 2017, payment of this bonus had meant that the median gap was 0% as the majority of our workforce received the same payment in that year. As this was not paid in 2018 it has limited our overall payments, reduced personal bonus payments and made the figures more susceptible to variation based on a few outlying values. For example, a few pro-rated bonus payments to females who started during 2017 have significantly affected the results.

Closing the gap

Past actions taken

As well as the actions already taken which were outlined in the 2017 report, we have continued to work on the way that we recruit. Management training on recruitment has increased our focus on the potential of unconscious bias within recruitment. We have also appointed an internal Recruitment Business Partner to help review our recruitment processes and review and diversify our candidate attraction methodologies. Very specifically we are looking – and will continue to look – at how we can attract more women into our workforce.

Future actions taken

We continue to be committed to reviewing our gender pay gap and to reducing it where we can. The positive reduction in the gap between 2017 and 2018 is a step in the right direction but we are not complacent and recognise that women still make up a small proportion of our overall workforce.

We continue to review ways in which we can encourage women into engineering roles, both within SPUK and within Sulzer as a global business.

We have continued to review our remuneration policies in line with the market and in 2019 will introduce a corporately sponsored grading system that will help with this process. As we have noted above, we believe that we already operate equal pay for equal work within Sulzer Pumps (UK) Ltd but further analysis and more market data will allow us to enhance and improve our existing pay and benefit audits.