



## Sulzer Gender Pay Gap – General Statement

The leadership team in the UK is pleased to note that the results show a gender pay gap below national average for both the businesses that need to report. We are certainly not complacent though and recognise that there is still significant work to do to close the existing gender pay gap, and to attract more women into what has traditionally been a male-dominated manufacturing industry.

We are pleased to say that completing the gender pay gap analysis process has started an internal dialogue on the culture of our business and the actions that we can take to value the contributions that both men and women make to our company. We believe that our remuneration practices are in line with market standards and are industry competitive but we will use the learnings from this report and this process to continually review what we do and to increase transparency where possible.

Sulzer's values are **Operational Excellence, Customer Partnership and Committed People**, and it is clearly through our people that we have had success as a business for more than 175 years. 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.

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

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## Gender Pay Gap Statement Sulzer Electro Mechanical Services (UK) Ltd

Difference in mean pay	16.28%	Difference in mean bonus pay	41.91%
Difference in median pay	14.51%	Difference in median bonus pay	40.81%
Proportion of men / women who received bonus pay in the relevant period		Men 69.69%	Women 51.79%
Number of men / women in the quartile pay bands: Upper, Upper Middle, Lower Middle, Lower		Women	Men
U		7.56%	92.44%
UM		10.08%	89.92%
LM		9.24%	90.76%
L		20.34%	79.66%

### Introduction

Sulzer Electro Mechanical Services (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 2017. The figures set out above have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. In using this methodology it should be noted that there were a large number of people with some form of reduced rate (some form of leave or absence that is not paid at the full rate) in the snapshot pay period that means that they are not included in this calculation.

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 Electro Mechanical Services (UK) Ltd

Sulzer Electro Mechanical Services (UK) Ltd 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. 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, the local economic climate at the specific Service Centre, 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. In addition, we carry out internal pay and benefit audits on a regular basis.

We consider reward from a total remuneration perspective and believe that we offer an attractive benefits package to all of our employees – but this is constantly under review.

## **Assessment of Gender Pay Gap Calculations**

### **Median Pay**

Whilst the Sulzer Electro Mechanical Services (UK) Ltd median gender pay gap data clearly shows that there is a gender pay gap within the business, it is pleasing to see that this gap, at 14.51%, is significantly less than the national average of 18.4%. Having analysed both the data itself and the reward structure within our business, it is clear 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.

In line with most other manufacturing and engineering companies, Sulzer Electro Mechanical Services (UK) Ltd has a largely male workforce with a total of just under 13.4% female employees in the applicable group for this calculation. The types of roles that we employ are largely skilled production, technical and engineering roles and, as is true in the wider UK economy, these roles are predominantly held by men. A number of these male dominated roles are on shift patterns (for example, night shifts) that attract a paid shift premium that increases the hourly rate under the prescribed calculation methodology. At the time the data was collected there were no women paid a shift premium whilst some 13% of the male population received a paid shift allowance. Without this, the gender pay gap would have been significantly lower.

A large number of our managerial roles are also held by men as most of these roles also require significant technical, engineering or production experience. Again, this means that the majority of people available with those skill sets in the current UK employment market will be men. However, as is again reflective of the wider UK workforce, the majority of our administrative roles are held by women and these roles tend to fall within the lower pay quartile, therefore reflecting the larger percentage of women in that quartile. It is this split in the types of roles undertaken by men and women within Sulzer Electro Mechanical Services (UK) Ltd that accounts for the gender pay gap within the business.

This gender make up within the business is consistent with the wider UK economy as can be seen from data compiled by the EEF and the Office for National Statistics (ONS). The EEF has found that on average manufacturing companies are made up of 85% men and 15% 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.

Once the predominance of women within the lower pay quartile has been explained, it is clear to see that the gender balance across the rest of the business is broadly similar.

### **Mean Pay**

Within Sulzer Electro Mechanical Services (UK) Ltd, the mean pay gap is higher than the median pay gap. It still exists for all of the reasons noted above. However, 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. We have therefore focused on median earnings in this report.

## **Bonus Payments**

There are two types of bonus payments within Sulzer Electro Mechanical Services (UK) Ltd. Firstly there are bonus payments that are linked to Service Centre performance, and secondly there are personal bonuses that some managerial level staff are eligible for. As noted above, the large majority of current managerial staff are male and therefore there is a large bonus gap between men and women within the business.

Where Service Centre bonuses are paid, these are paid to eligible men and women at the same percentage of salary and all targets for both bonus scheme types are based largely on company performance against budget. For the period in question, payments were lower than in some previous years. This has meant that a few slightly larger payments to men on the personal bonus side has made a big difference to the gender pay gap on bonuses.

## **Closing the Gap**

### **Past Actions Taken**

In the past year we have spent considerable time looking at our benefits profile within the business and we have been looking to improve and standardise our benefits where we can. Significantly, during the course of 2017 we have increased the payments we make for maternity leave well beyond the statutory minimum for the first time.

### **Future Actions**

Whilst we already believe that we operate equal pay for equal work within Sulzer Electro Mechanical Services (UK) Ltd, we are committed to continually reviewing the gender pay gap that exists within our work force and reducing it where this is possible. We are also committed to reporting on an annual basis what we are doing to try to reduce the gap and the progress that we are making. In addition we will also take the following positive initiatives:

We are already in the process of undertaking significant work internally to be able to look in more detail at how we compare remuneration to the wider market. We are looking at an internal grading exercise to allow us to perform more detailed pay and benefits audits both internally and externally. We will do more work over the forthcoming years to delve deeper into this data to allow greater analysis of how similar and like work is rewarded. This will allow us to report in more detail and to identify and rectify any trends or issues previously missed.

We will also continue to review methods of attracting women into the workforce and into engineering in general, although due to very low levels of females within the types of role we tend to recruit, we do not anticipate significant changes to the gender make up of our employee population in the short term.