



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.

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Sulzer Electro Mechanical Services (UK) Ltd gender pay gap reporting 2018

Difference in mean pay	16.65%	Difference in mean bonus pay	24.17%
Difference in median pay	14.78%	Difference in median bonus pay	30.63%
Proportion of men / women who received bonus pay in the relevant period	Men 73.49% Women 64.91%		
Number of men / women in the quartile pay bands: Upper, Upper Middle, Lower Middle, Lower		Women	Men
	U	6.47%	93.53%
	UM	6.43%	93.57%
	LM	5.71%	94.29%
	L	22.30%	77.70%

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 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.

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. Had they been included then the mean pay gap figure would have been lower.

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 and comparison to 2017

Median pay

In 2017, the median pay gap for Sulzer Electro Mechanical Services (UK) Ltd was 14.51% and in 2018 this figure has stayed consistent at 14.78%. This remains lower than the national average gender pay gap of 17.9% published in the ONS Report 'Gender Pay Gap in the UK:2018' and significantly lower than the published gender pay gap for skilled trades of 23.9%.

The types of roles that we employ in Sulzer Electro Mechanical Services (UK) Ltd 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. A number of these male dominated engineering or technical roles tend to have a greater ability to earn additional allowances including shift allowances (for example, for working a night shift) that attract additional paid premiums that are included in pay comparisons under the prescribed calculation methodology. All of these pay elements will impact upon the gender pay gap within the business.

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. The ONS study, 'Women in the Labour Market 2013' shows that this type of business make up is consistent with the wider UK, where 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 Sulzer Electro Mechanical Services (UK) Ltd that accounts for the gender pay gap within the business.

Having analysed both the data itself and the reward structure within our business, we remain clear that the gender pay gap that exists within the business is as a result of the different roles performed by men and women rather than as a result of paying different rates for the same role.

Mean pay

Within Sulzer Electro Mechanical Services (UK) Ltd, the mean pay gap was 16.65%, consistent with 2017's 16.28%. The gap 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. As with 2017, we have therefore focused on median earnings in this report.

Bonus payments

The bonus pay gap has reduced significantly when compared to 2017 results. The mean bonus pay gap of 24.17% compared to a mean gap in 2017 of 41.91%. On average, bonuses in the year to April 2018 were slightly higher than in 2017 which has meant that a few slightly smaller or slightly larger payments have had less of an impact on the pay gap than was the case last year.

Closing the gap

Current and future actions

We continue to be committed to reviewing our gender pay gap and to reducing it where we can. We recognise that women still make up a small proportion of our overall workforce and are looking specifically at what we can do from a recruitment perspective to try to encourage women to apply for our vacancies. As part of this process we have appointed an internal Recruitment Business Partner to help review our recruitment processes and review and diversify our candidate attraction methodologies. Unfortunately, we are currently facing difficulties with finding some key skills in our market and 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. This is therefore a longer-term goal and we will review how we can encourage females into engineering and into engineering apprenticeships.

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 Electro Mechanical Services (UK) Ltd but further analysis and more market data will allow us to enhance and improve our existing pay and benefit audits.