



Sulzer UK gender pay gap – general statement 2021

The leadership team in the UK is pleased to note that the fifth gender pay gap report for those Sulzer businesses that need to report, generally continues to show signs of improvement since our last report for 2020. The gradual decline in the overall gender pay gap within Sulzer comes at a time when nationally the gap has widened slightly (although this is largely as a result of Covid-19) although clearly the general national trend is also downwards. We are pleased to note that Sulzer is following this national trend.

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 Pumps (UK) Ltd Gender Pay Gap Reporting 2021

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|---|---------------------------|--------------------------------|--------|
| Difference in mean pay | 7.74% | Difference in mean bonus pay | 20.8% |
| Difference in median pay | 12.77% | Difference in median bonus pay | 32.05% |
| Proportion of men / women who received bonus pay in the relevant period | Men 30.99% Women 30.0% | | |
| Number of men / women in the quartile pay bands: Upper, Upper Middle, Lower Middle, Lower | | Women | Men |
| | U | 8.93% | 91.07% |
| | UM | 8.70% | 91.30% |
| | LM | 8.70% | 91.30% |
| | L | 19.64% | 80.36% |

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 2021 and is the fifth 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 Gender Pay Gap in the UK 2021 "The gender pay gap is calculated as the difference between average hourly earnings (excluding overtime) of men and women as a proportion of men's average earnings (excluding overtime). It is a measure across all jobs in the UK, not of the difference in pay between men and women for doing the same job."

The report goes on to state that Covid-19 has made analysing the data more complex and has also disrupted the normal data collection, this is because of reduced response rates since the start of the pandemic. For these reasons it notes the estimates for 2021 are more uncertain than usual.

It also comments on the impact of Furlough whereby circa 3.7 million employees were on Furlough at the time of the report, this is down from 8.8 million the previous year, so although this has reduced it will still have had an impact. For Sulzer we believe the impact of Furlough on gender pay was minimal.

Generally positive results are shown for Sulzer across both mean and median pay and also mean bonus pay.

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 also operate a Mercer grading system across the UK which allows us to objectively and independently evaluate roles to determine pay levels, removing the potential for subjectivity and bias.

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 2020

Median pay

In 2020, the median pay gap for Sulzer Pumps UK (Ltd) was 12.77% which is a reduction on the previous year of 14.2%. This reflects favourably against the national average for all employees of 15.4% - which actually increased against the prior year. Additionally, the percentage of women employed within SPUK has increased within the business to 14.08%, up from a reduced figure in 2020 of 11.88% (the previous year report in 2020 was 12.6%).

There has been an increase in 2021 to the number of women in the lower quartile (19.64% vs 18.25% prior year) and upper middle quartile (8.7% vs 7.81% prior year), whilst the number of women in the upper and lower middle quartiles has reduced slightly by 1.31% and 0.79% respectively).

As is typical of the industry, a large number of our managerial roles are held by men; the majority of our administrative roles are held by women. The Office of National Statistics 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 Sulzer Pumps UK (Ltd).

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 Office of National Statistics report Gender Pay Gap in the UK 2021 notes that the average gender pay gap for skilled trades in the UK has increased back to 2019 levels at 22.3% which is up from the previous year of 20% - prior to 2021 this figure had been gradually declining.

The overall difference in median pay across all roles at Sulzer Pumps UK (Ltd) is 12.77% which is significantly below both the national average for skilled trades but also below the national average for all employees. As with previous years, 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.

Mean pay

The Mean Gender Pay Gap at Sulzer Pumps (UK) Ltd is down slightly (7.74%) from the previous reports in 2020 and 2018 and continues to be lower than the median pay gap of 12.77%. The mean pay gap according to the Office of National Statistics Report Gender Pay Gap in the UK 2021 shows the UK figure at 7.9% for full time employees, this is up from last year (7.4%) but down from 9% in April 2019.

This shows Sulzer Pumps UK (Ltd) are now slightly lower than the mean for the UK in 2021, a reversal from 2020.

The Office of National Statistics 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 previous years, we have therefore focused on median earnings in this report.

Bonus payments

Less people received a bonus in 2021 as the company did not hit the levels required to pay the company wide bonus. However, the sexes were very evenly matched on who did receive a personal bonus from those eligible with 30.99% of men and 30% of women receiving a payment.

The median difference in bonus pay was 32.05% which is reflective of the fact that most of those eligible for a personal bonus will be within the managerial roles which are predominantly occupied by men.

Closing the gap

Past actions taken

As well as the actions already taken which were outlined in the previous reports, we work hard to attract and retain women within our business. Our new Sulzer Learning Pathways platform – to be introduced in 2022 - will give all employees the opportunity to direct their own learning and development within the business.

We are also actively working with the Ahead Partnership to attract those leaving school and show them that Sulzer Pumps UK (Ltd) can give them a rewarding long-term future. Part of this is our attendance at events specifically aimed at creating interest in young females such as the Girl Tech event.

As with last year women continue to be represented on our Business Transformation team with female managers being specifically added to this group. This group is responsible for the shaping of our business and is of strategic importance, so it is vital that women are part of this group.

Finally, the business has adopted new flexible and hybrid working arrangements which we believe will make the Company more attractive and are part of our move towards more modern ways of working.

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 seen in all preceding reports shows our efforts are moving us in the right direction and the gap is reducing. This does not mean that as a business we can reduce our focus on this area and our ongoing relationship with the Ahead Partnership shows our commitment and dedication to this.