



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.

Andrew Percy
Head Legal Entity
Sulzer Pumps (UK) Ltd

Chris Powles
Head of Electro Mechanical
Services EMEA

Luke Guilfoyle
Head of HR, UK

Gender Pay Gap Statement Sulzer Pumps (UK) Ltd.

Difference in mean pay	10.35%	Difference in mean bonus pay	14.59%
Difference in median pay	13.74%	Difference in median bonus pay	0.00%
Proportion of men / women who received bonus pay in the relevant period	Men 97.12% Women 96.67%		
Number of men / women in the quartile pay bands: Upper, Upper Middle, Lower Middle, Lower		Women	Men
	U	9.45%	90.55%
	UM	8.59%	91.41%
	LM	4.65%	95.35%
	L	24.22%	75.78%

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 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.

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 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, 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

Median Pay

Whilst the Sulzer Pumps (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 13.74%, is significantly less than the national average of 18.4%. The Company is also fully committed to reduce this gap further wherever this is possible.

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 Pumps (UK) Ltd has a largely male workforce with a total of just under 12% female employees. 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.

Traditionally, and for many years now, Sulzer Pumps (UK) Ltd has prided itself on having an effective and proactive approach to employee career development, which has led to a significant amount of internal promotion. This means that a large number of our managerial roles are also held by men. However, as is again reflective of the wider UK workforce, the majority of our administrative roles are held by women and these roles primarily 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 the business that accounts for the gender pay gap within SPUK.

This gender make up within SPUK 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. Indeed, there are actually more women in both of the top two pay quartiles than there are in the lower middle quartile, with the largest proportion appearing in the upper pay quartile.

Mean Pay

Within SPUK the mean pay gap is lower 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 is actually no gender pay gap when it comes to median bonus payments within Sulzer Pumps (UK) Ltd. This is because we operate a company-wide bonus system – based on the

company's profitability – which is open to all directly employed staff who cannot otherwise earn a personal bonus. As this pays out at a set level, regardless of base salary, this means that men and women are all paid equally regardless of role or base salary and there is therefore no differential for median bonus payments.

The gender pay gap for mean bonus payments is similar to the overall median gender pay gap. As this is a mean calculation, however, it is skewed by a few higher payments to a few individuals.

Closing the Gap

Past Actions Taken

As noted above, Sulzer Pumps (UK) is a traditional engineering company and as such, our employee gender profile matches that of other similar companies. However, we have been actively trying to change that profile and over recent years have increased our intake of female apprentices into shop-floor based skilled production roles. We have also previously worked with our apprentice providers to look at encouraging the take up of female apprenticeships through visits to local schools. We are also encouraging our existing female apprentices and engineers to talk to schools and other educational establishments to encourage women into engineering and other Science, Technology, Engineering and Mathematics (STEM) roles.

We have also been reviewing our overall benefits provision and during the course of 2017 we have increased the payments we make for maternity leave well beyond the statutory minimum.

Wherever possible Sulzer Pumps (UK) Ltd has taken a progressive approach to things like flexible working, and although this isn't always possible within shop-floor roles, we have a generous flexitime system within many of our office functions to assist employees in managing their work and life balances. This was enhanced in 2016 with greater flexibility around start and finish times.

Future Actions

Whilst we already believe that we operate equal pay for equal work within Sulzer Pumps (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 also looking at an internal grading exercise to allow us to perform more detailed pay and benefits audits. We will do more work over the forthcoming years to delve deeper into this data and 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 low levels of voluntary employee turnover we do not anticipate significant shifts in the gender make up of our employee population in the short term.

Finally, we are actively commencing external recruitment training for our management population to ensure that it is always the best person for a role that is recruited or promoted, regardless of any individual characteristic.