



Sulzer UK gender pay gap – general statement 2020

The leadership team in the UK is pleased to note that the third gender pay gap reports for those Sulzer businesses that need to report, show additional signs of improvement since our last report (2018) in some areas. We believe that the results remain competitive within our industry.

Across the UK the data has varied significantly year on year and due to a disruptive year, we have found some differences across our businesses in the UK. However, we remain committed to continuing to report 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.

Matt Lewindon
Head Legal Entity
Sulzer Pumps (UK) Ltd

Chris Powles
Head of Electro Mechanical
Services EMEA

Luke Guilfoyle
Head of HR, UK

Sulzer Electro Mechanical Services (UK) Ltd gender pay gap reporting 2020

Difference in mean pay	21.57%	Difference in mean bonus pay	46.33%
Difference in median pay	21.09%	Difference in median bonus pay	55.67%
Proportion of men / women who received bonus pay in the relevant period	Men 48.86% Women 52.83%		
Number of men / women in the quartile pay bands: Upper, Upper Middle, Lower Middle, Lower		Women	Men
	U	5.13%	94.87%
	UM	5.88%	94.12%
	LM	15.25%	84.75%
	L	18.97%	81.03%

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 2020 and is the third 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 and women's pay in general and do not look at the actual jobs they do.

As an aftermarket service business, a large proportion of our employees work in traditional engineering type roles, which historically have attracted more men than women. We acknowledge the need and accept the responsibility to do more to attract a higher number of women to roles such as these. In addition, we are putting plans in place to make career pathways more visible and attainable with the aim of developing more diverse teams across all levels, including management and leadership.

Reward principles at Sulzer Electro Mechanical Services (UK) Ltd

We are 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 employees, 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 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 an attractive benefits package to all our employees – but this is constantly under review.

Assessment of gender pay gap calculations and comparison to 2018

Median pay

In 2020, our median pay gap was 21.09%, which is an increase from previous years and higher than the national average of 15.5% as reported in the ONS Report “Gender Pay Gap in the UK 2020”. The same report notes that the national gender pay gap for skilled trades in the UK is 20%.

The types of roles employed in our business are largely skilled production, technical and engineering roles. These roles are predominantly held by men and typically offer a greater ability to earn additional allowances and premiums, which are included in pay comparisons under the prescribed calculation methodology. All of these pay elements will impact our gender pay gap.

Many 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, most 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. This split in the types of roles undertaken by men and women also influences our gender pay gap.

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

The ONS recommends that median pay, rather than mean pay is a more accurate reflection of any gender pay gap, as mean pay can be unduly skewed by high or low earnings. As a result, and in line with previous years, we have focused our attention in this report on the median pay gap. In 2020 our mean pay gap was 21.57%, and as with the median pay gap, this represents an increase when compared to previous years.

Bonus payments

There were fewer bonuses paid in 2020 than in 2018 which has had an impact on the bonus pay gap which has widened since 2018. As was noted in the 2018 report, fewer bonuses paid mean that a few slightly smaller or slightly larger payments have a greater impact on the bonus gap. We would like to note though that in 2020, a higher percentage of women (52.83%) received a bonus than men (48.86%).

Closing the gap

Current and future actions

We are continuing to develop our recruitment strategies to ensure our external recruitment campaigns are attractive to the widest and most diverse groups. The recruitment of a new Marketing and Communications Manager, working alongside our inhouse Recruitment Business Partner will allow us to create a range of targeted communications, aimed at (but not limited to) the female population. This will be particularly crucial as we start to prepare for our 2022 Apprentice recruitment campaign, which provides the best possible opportunity to increase our gender diversity across our technical and engineering roles.

We are pleased to have appointed this year, a new female Head of HR to our senior management team. This appointment has introduced a diversity of views and thinking at our leadership level and will be a significant step in developing our longer-term diversity agenda.

In our 2021 engagement survey "Voice of Sulzer", the quantitative results from our female employee population were consistently higher than those from our male employee population. This is encouraging and reflects our ongoing work to ensure an inclusive culture.

We do however understand that there is much more we can do to improve the workplace experience. A working party made up of senior leaders is currently developing a flexible and hybrid working model for 2022. It is recognised that this will, in the main, benefit more of our female population who occupy the majority of roles that suit such working practices. It is hoped that by introducing more flexible working, we will not only encourage more women to stay with the business and in turn progress but will also be able to attract a higher number of women into the business.

Also planned for next year is the creation of a UK diversity and wellbeing group, which will have an SMT sponsor and will involve employees from across the business in setting our short, medium, and long-term diversity agenda. Included in the group's agenda will be engagement with schools and colleges, and the wider community, targeting STEM students and in particular female STEM students to promote careers in electro-mechanical engineering.

A primary focus for next and future years is to increase and improve our training, learning and development, from a quality and an accessibility perspective. The appointment of a dedicated Learning and Development Manager in 2022 will support this ambition and ensure that routes to progression are clear and understood by all and that managers are appropriately supported to identify and manage talent and potential at all levels, using non-biased criteria.

It is anticipated that our commitment to developing and establishing a positive employer brand externally, to further improving our working practices internally and developing quality training, learning and development accessible to all, will position us positively to improve our gender diversity, which will in time also positively impact our gender pay gap.

We do however recognise that due to the nature of our business and being part of a sector that traditionally is male dominated, change will take time. We will however continue to look for opportunities to improve the perception of our industry, making it attractive and a long-term career prospect for both men and women alike.