

SULZER

**Sulzer Services
(UK) Ltd
Gender pay gap
2022-23**



Sulzer Services (UK) Ltd

Gender pay gap reporting 2022-23

Difference in mean pay	18.86%	Difference in mean bonus pay	19.13%
Difference in median pay	25.38%	Difference in median bonus pay	13.64%
Proportion of men / women who received bonus pay in the relevant period	Men		56.94%
	Women		54.17%
Number of men / women in the quartile pay bands: Upper, Upper Middle, Lower Middle, Lower		Women	Men
	U	6.31%	93.69%
	UM	4.42%	95.58%
	LM	7.14%	92.86%
	L	22.32%	77.68%

Introduction

Sulzer Services (UK) Ltd (previously Sulzer Electro Mechanical Services (UK) Ltd) is required by law to publish an annual gender pay gap (GPG) report. This is the report for the snapshot date of 5 April 2022 and is the sixth 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 females to roles such as these and pleasingly in the past year, we have seen a small increase in the number of females joining our shopfloor teams and joining our Apprentice Programme.

We see our shopfloor roles and Apprenticeships as an entry route to engineering and operations management and hopefully into leadership roles, and in the past year have harmonised our terms and conditions across our operations roles alongside launching Skills and Progression Matrices to demonstrate with full transparency, the route to progression for all. More details are included later in this report.



Reward principles at Sulzer Services (UK) Ltd

We are committed to the principle of equal opportunities and equity for all employees, regardless of sex, race, religion or belief, age, marriage or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability.

In determining reward for our employees, we balance many factors, including the general economic climate, company performance, and the external recruitment market.

As part of the terms and conditions harmonisation exercise in 2022, we benchmarked our pay and benefits externally to ensure that the harmonised pay rates agreed were reflective of the external market and that they remained competitive.

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. This is supported by a UK-wide Benefits Matrix by role level which aims to standardise the benefits available for a particular role, irrespective of the role holder.

We consider reward from a total remuneration perspective and believe that we offer an attractive benefits package to all our employees. This is however constantly under review and has been a particular focus through 2021 and into 2022 in response to a highly competitive labour market and nationally recognised skills shortages.





Assessment of gender pay gap calculations and comparison to 2021

Median pay

Despite realising a reduction in 2021, disappointingly, as a headline statistic, our median pay gap increased in 2022 to 25.38%, which compares unfavourably to the UK median GPG of 14.9%.

Outside of the Support Functions and Administrative roles, which traditionally have attracted a higher number of females, the majority of our roles have a skilled production, technical or engineering bias, and have historically attracted more males. These roles typically offer a greater ability to earn additional allowances and premiums, which are included in pay comparisons under the prescribed calculation methodology.

In early 2022, as part of a terms and conditions harmonisation exercise, we did improve many of the pay rates, terms and conditions for our production, technical and engineering roles to aid attraction and retention in direct response to a highly competitive UK labour market. The combination of male dominated roles and the need to improve pay and benefits to remain competitive has impacted our GPG for 2022.

Many of our managerial roles are also held by men as historically most of these roles have been based on the need for significant technical, engineering or production experience. We have however embarked on a journey to recruit and develop leadership capability over technical knowledge and experience at managerial level, which will over time mean we will extend the pool we recruit from by removing the barriers to entry due to technical competence requirements.

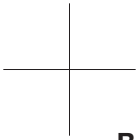
Having analysed both the data itself and the reward structure within our business, we remain confident that the GPG that exists within the business is as a result of the different roles performed by men and women rather than as a result of paying different rates for the same role.

Mean pay

Our mean GPG increased from 14.8% to 18.86% which is contra to the trend reported by the Office for National Statistics (ONS) which reported a decrease in the mean GPG across the UK in 2022 from 15.1% to 14.9%.

Although there has been a positive increase in the number of females in the Top Quartile, the increase in our mean GPG realised in 2022 is a result of a larger percentage of females now falling into the lower quartile, for the reasons highlighted in the previous section.

The ONS recommends that median pay, rather than mean pay is a more accurate reflection of any GPG, 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.



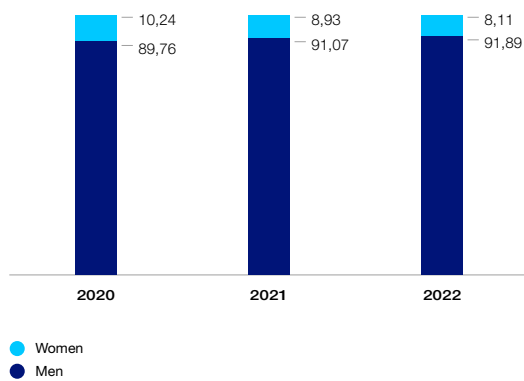
Bonus payments

Despite a small reduction in the number of females receiving a bonus in 2021, pleasingly the trend has reversed with the percentage of women receiving a bonus in 2022 increasing to 54.17% compared to 48.89% in the prior year.

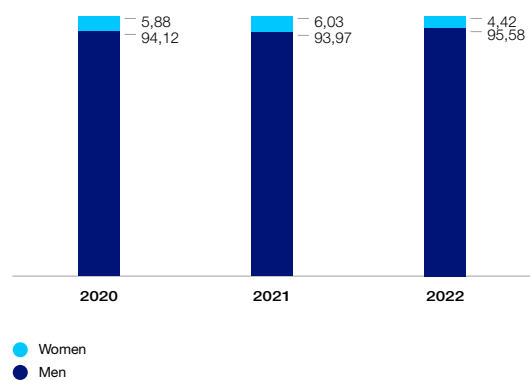
In addition, for the fourth consecutive year, the number of females in the Top Quartile, where bonus schemes are more likely to be offered as part of a remuneration package has increased and is now 6.31%. This has helped to positively impact the significant decrease in both the mean and median difference in bonus pay, now 19.13% and 13.64% respectively, the lowest numbers realised since GPG reporting commenced.

Pay quartiles

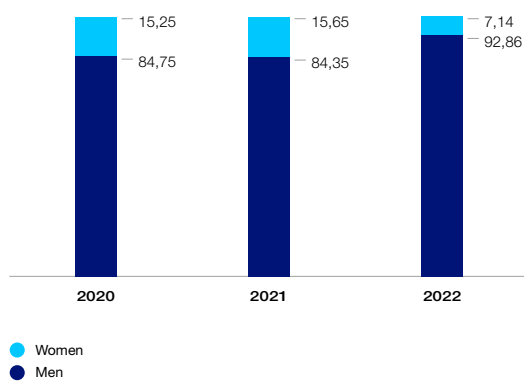
Top quartile



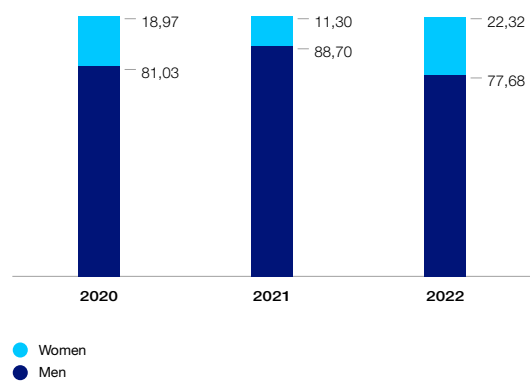
Upper middle quartile



Lower middle quartile



Lower quartile



Closing the gap – Current and future actions

Senior leadership

The work started in 2021 to evolve our culture has continued into 2022, with the recruitment of a new Senior Leadership Team (SLT). Alongside our female Head of HR appointed in 2021, we have now also appointed a female Finance Director, which has not only improved our gender diversity at senior level but is also now generating more varied discussion and thinking around the SLT table.

The appointment of a female CEO into Sulzer has also raised the profile of gender diversity, with a global-wide strategy now launched to promote with the aim of increasing female hires by a minimum of 1% per annum for the next 5 years.

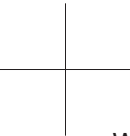
Learning and development

To support this strategy, Sulzer Services (UK) Ltd has developed a number of initiatives to drive change targeting improved opportunities for all and the removal of barriers to progression.

We have launched Progression Pathways across all our operational roles, which provide tangible routes to development and progression in a transparent way. All employees are assessed using an agreed skills assessment and any skill gaps and/or skills needed for future progression are sponsored by our management team.

Our learning and development agenda, led by our new Learning and Development Manager and supported by a new role of Early Careers Advisor includes increasing community and education engagement, to promote our organisation and wider Sulzer as a career choice.





We are working on the design of a new Leadership Academy, with Phase 1 due to launch in 2023, which will include a DE&I module. This will help us to reinforce our desire to develop future leaders rather than technical experts and we hope will encourage more women to seek development and progression as a result.

In addition, we have already launched Recruiting 4 Sulzer manager training which will be delivered across two modules to all recruiting managers. The training addresses unconscious bias in recruitment decision making and the need to consider role design and criteria to make vacancies accessible to as broad a population as possible.

Our new Sulzer Learning Platform is now live and available to all employees, providing access to development content across a range of topics, making access to learning easier than ever through 24/7 availability, ensuring access to development is not limited to core business hours, helping our employees to learn around work and home commitments.

External networking and benchmarking

Membership of external organisations such as Next Gen Makers and working with Local Authorities across the UK is opening routes to young adults, including females studying STEM subjects and provides opportunity to promote the many career paths our organisation has to offer. An increase in the number of young females applying and being accepted to our Apprenticeship programme is testament to the increased level of focus we are now applying in this area.

Our organisation is now a Premium member of Women in Science and Engineering (WISE) and through this membership we will, in 2023, work with WISE to complete a DE&I audit to understand how and where we can improve what we do to encourage more females into our business, but also supporting our industry as a whole.

Internal diversity, equality & inclusion

For the first time in 2022, our regular Engagement Survey, looked specifically at how our employees view Inclusion within Sulzer. Key questions focused on whether employees feel they can be themselves at work without worrying about being accepted, whether senior leadership supports diversity and inclusion and whether our employees feel that they are treated with dignity and respect regardless of their personal identities. On average across the UK, more than 80% of our employees answered these questions favourably which is higher than the UK norm for others taking the same survey.

In addition, our new Community and Social Team (C&ST) launched in the year, with an SLT sponsor and representatives from across the UK. Included in this group's responsibilities is leading the health and wellbeing agenda, which includes (but is not limited to) topics specific to women to increase awareness with the aim of creating a more inclusive culture.



Through this group, we have supported International Women's Day, celebrating the contribution women make to our organisation and used this as a platform to promote the career opportunities available to our existing female population and externally to potentially future female recruits.

We have committed that our DE&I agenda will be led by our Business Leaders to ensure it receives the attention and has the profile needed to affect change. The results of the WISE audit planned for 2023 will be reviewed and action plans agreed through our Business Leader sponsors.

Remote, hybrid and flexible working

We have launched a new Remote Working policy, providing opportunity where it is practical to do so, to work from home or at a remote location through hybrid working arrangements. All eligible employees have the IT and connectivity capability to work remotely, and this new way of working has been adopted across our UK sites.

Across our Service Centre teams, where remote working is not practical, the potential for a 4-day working week is now being explored, through a cross-divisional working party. The aim will be to commission a trial in early 2023 in at least one of our UK locations. If successful and adopted more widely, it is anticipated this would be another point of attraction for a wider pool of candidates and supports our ethos of flexibility in the workplace.

Talent and succession management

Our new talent and succession planning model will be launched UK wide in 2023. This will be supported by cross-function and cross-departmental talent forums to ensure the appropriate checks and balances are in place throughout to eliminate bias and to ensure that employees highlighted for development and progression are identified based on achievement, ability and potential only.

Conclusion

The GPG data for this year is disappointing but reflects the changes we have needed to make to respond to the UK labour market, which has presented both retention and attraction challenges. Whilst the decisions and changes to pay and allowances we have made have not targeted men in particular, we do recognise that men do still dominate the groups impacted. Our pay and reward policy continues to be to pay employees equally for the same or equivalent work, regardless of their gender; our challenge, and one we are embracing, is to balance the gender of our employees in the same or similar roles.

We now have the required momentum to realise positive change in our gender diversity and whilst historically our sector has been technically biased and as such, naturally more attractive to males, we recognise that a different approach is needed to how we develop and organise our business.

The importance of having positive and flexible policies that make our organisation attractive to all, and a strong commitment to positive job design and working patterns, alongside easy access to development and progression opportunities, irrespective of gender, will remain a constant focus as we continue our cultural transformation journey. We expect and will be targeting that as a result of all the changes we are making, our GPG will over time reduce to levels that we hope will be used by others as a benchmark.





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