

The background of the page features two large, stylized human figures in a light teal color. The figure on the left is taller and represents a male, while the figure on the right is shorter and represents a female. They are positioned on either side of the central text, creating a sense of balance and equality.

Flowserve GB Ltd

UK Gender Pay Gap
Report 2017



UK GENDER PAY GAP REPORT 2017

Flowserve is committed to providing a workplace for all of its employees that provides equal employment opportunities and equitable compensation opportunities for all. We recognise the value in having a diverse and inclusive workforce and are committed to improving the diversity of our employees.

We anticipate the gender pay information will prove to be a valuable tool in assessing levels of equality in the workforce, the degree of female and male participation and how effectively talent is being managed, this will help shape our people strategy.

WHAT IS THE GENDER PAY GAP?

Since 5th April 2017, British companies with over 250 employees are required by law to report and publish four types of figures annually.

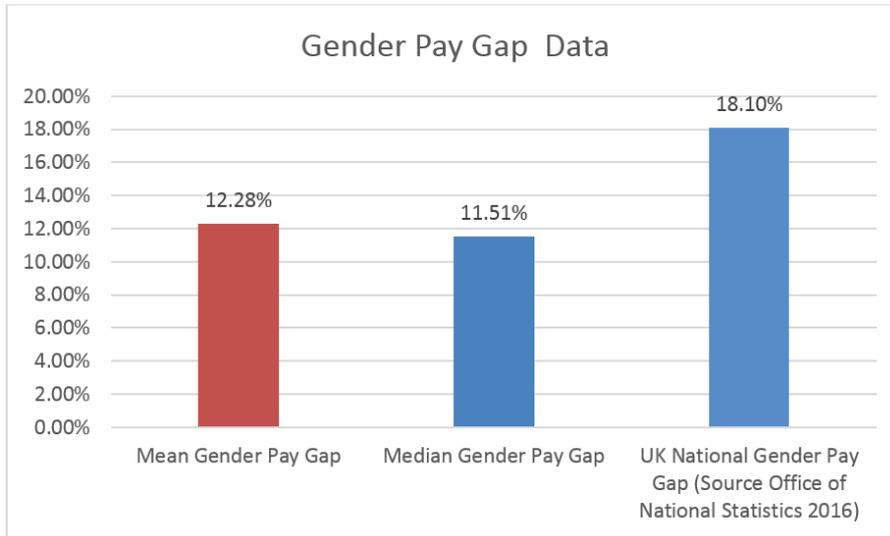
- Gender Pay Gap (mean and median average)
- Gender Bonus Gap (mean and median average)
- Proportion of men and women receiving bonuses
- Proportion of men and women in each quartile of the organisation's pay structure

The Flowserve Company in scope for gender pay reporting requirements is Flowserve GB Ltd.

The gender pay gap shows the difference between the average earnings of men and women across the UK workforce. It is distinct from "equal pay", which looks at the individual level and is about ensuring men and women are paid the same for carrying out the same work, or work of equal value. The information published here is in line with reporting guidelines and looks at the hourly rates of UK employees taking into account base salary and other allowances in place at the snapshot date of 5th April 2017. It also focuses on bonus payments received in the 12 months prior to 5th April.

GENDER PAY INFORMATION

The chart below shows our “Gender Pay Gap”. This is a snapshot of the difference between the average hourly pay levels of all women compared to all men employed in the UK, irrespective of their role or level in the organization, expressed as a percentage of men’s average pay. Our figures show that the median average pay of women within the UK is 11.51% lower than that of men. The Office of National Statistics reported the median National Gender Pay Gap in 2017 at 9.1% which is a 9% improvement on the 2016 statistics (18.1%). Flowserve therefore are slightly above the National average.

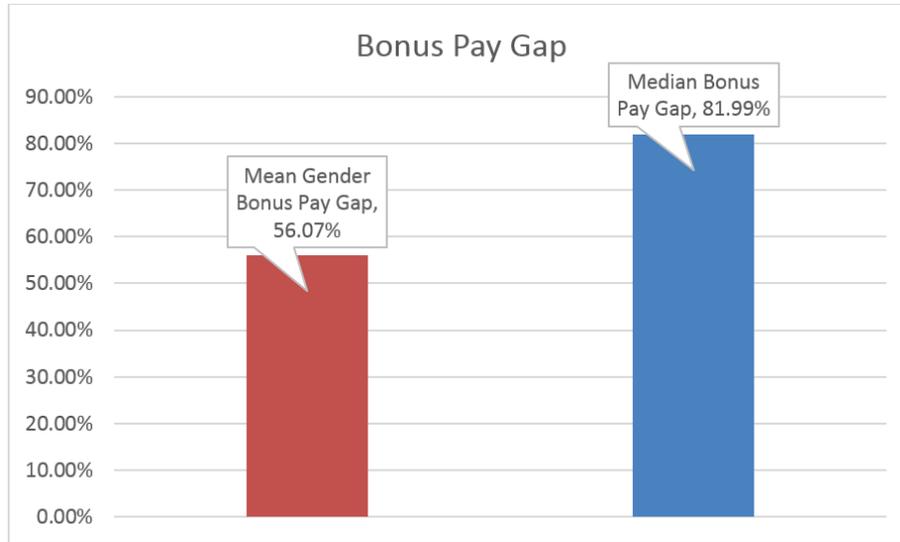


The review of our gender pay data indicates the difference in average pay is likely to be due to proportionally more men being in senior, higher paid roles. Director and Manager level pay rates appear to be broadly similar regardless of gender.

Flowserve uses a structured approach to job analysis and pay to help ensure compensation opportunities are equitable regardless of gender.

THE BONUS DIFFERENCE

The bonus pay gap takes into account all bonus payments made to UK employees within the 12 month preceding the 5th April 2017.



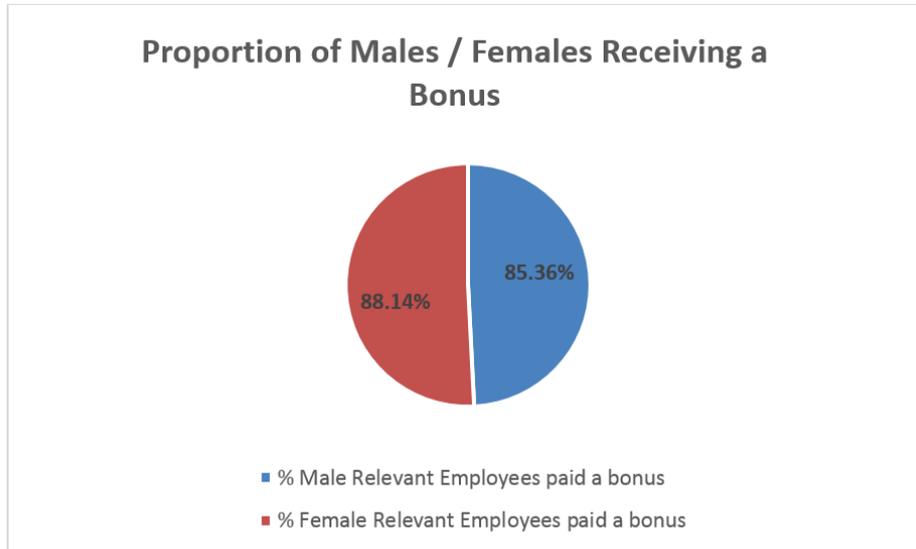
Flowserve has a bonus programme open to sales employees, a separate bonus programme for all other employees. Director level and above employees are also eligible for a Long Term Incentive Programme. The bonus pay gap information above combines the Sales Incentive Programme, the Annual Incentive Programme and the Long Term Incentive Programme.

The Annual Incentive Programme bonus percentage rate is banded and escalates in accordance with job level. The scheme also differentiates payments in accordance with performance at individual, group and company level. The difference in average bonus is likely to be due to proportionally more men being in senior, higher paid roles and may also be a result of a greater proportion of men being present in the higher performing business groups.

The Sales Incentive Programme figures seem to indicate there is a greater ability to achieve higher bonuses amounts through this scheme with the majority of sales staff being at the mid to high end of bonus payments. Job roles eligible for the Sales Incentive Programme are almost exclusively occupied by men.

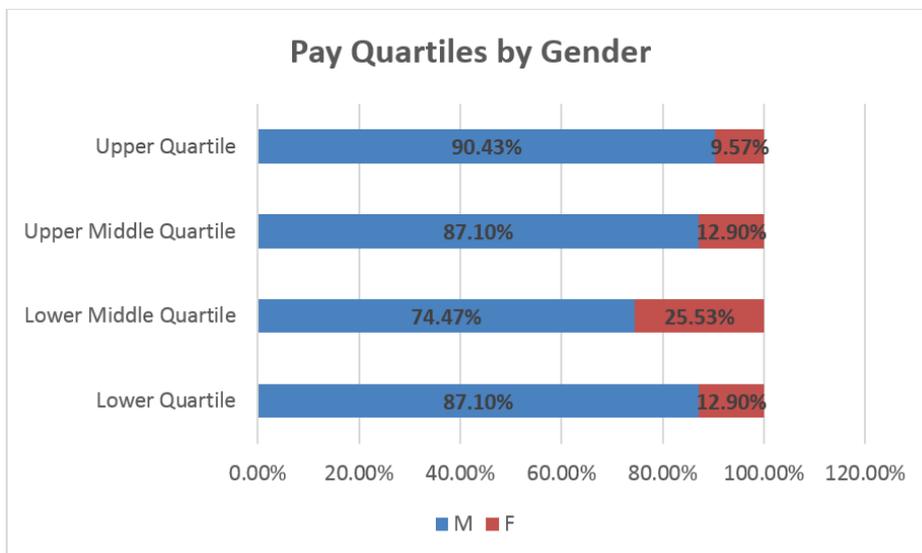
PROPORTION OF ALL UK EMPLOYEES RECEIVING A BONUS

(in 12 months preceding 5 April 2017)



The Flowserve bonus schemes are open to all levels of employees which accounts for high levels of inclusion for both men and women and relatively equitable receipt of bonuses.

PAY QUANTILES ACROSS UK EMPLOYEES



The chart above shows the gender distribution across Flowserve GB Ltd in four equally sized hourly pay quartiles. Each quartile contains approximately 94 employees. Overall, at the snapshot date women represented around 15% of Flowserve GB employees. The majority of women occupy the lower middle quartile and this data is once again most likely reflective of more men proportionally in senior level roles.

SUMMARY

Statistics on Women in Engineering (January 2018) states that only 11% of the national Engineering workforce is female. At Flowserve GB Ltd the proportion of females is slightly higher at around 15% of the workforce, but it is evident there is still much scope for improving gender diversity. In particular, Flowserve is focussed on how we can improve the representation of females in more senior roles.

MOVING FORWARD

In recent months Flowserve has increased its focus on how it manages and promotes talent within the business. This change will create improved opportunities to explore how best we can support and develop existing female talent to achieve their full potential.

We are also looking at how we can increase the overall representation of females within Flowserve. With only 15% of engineering undergraduates (Skills and Demand in Industry 2015, IET) and 6.8% of engineering apprentices (FE Data Library, Updated Dec 2016) being female in the UK, we need to explore opportunities to encourage young people, particularly young women, into engineering careers. To do this, Flowserve aims to build on our STEM pilot scheme, increasing the work we do with local educational establishments across the country.

Flowserve will continue to ensure all our employees fully understand both our Equal Opportunities and Diversity Policies and encourage individual learning and development in these areas through our corporate learning managements tools.

We will also recognise we have opportunities for improved monitoring of diversity throughout the employee life cycle and we will continue to explore how we can improve the evidence base on which we will develop our actions.

We will continue to monitor our gender pay gap levels and strive for improved understanding of the issues and how best we can achieve a long-term, continuous improvement.