

Flowserve GB Ltd

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# UK Gender Pay Gap Report 2018



## **FLOWSERVE GB LTD GENDER PAY REPORT 2018**

As an Equal Opportunities employer, Flowserve continues to be 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.

In the second year of submitting the Gender Pay Gap Report we continue to assess our equality in the workforce, our talent acquisition and management strategies and our internal policies.

### **WHAT IS THE GENDER PAY GAP?**

Since 5<sup>th</sup> 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)
- 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

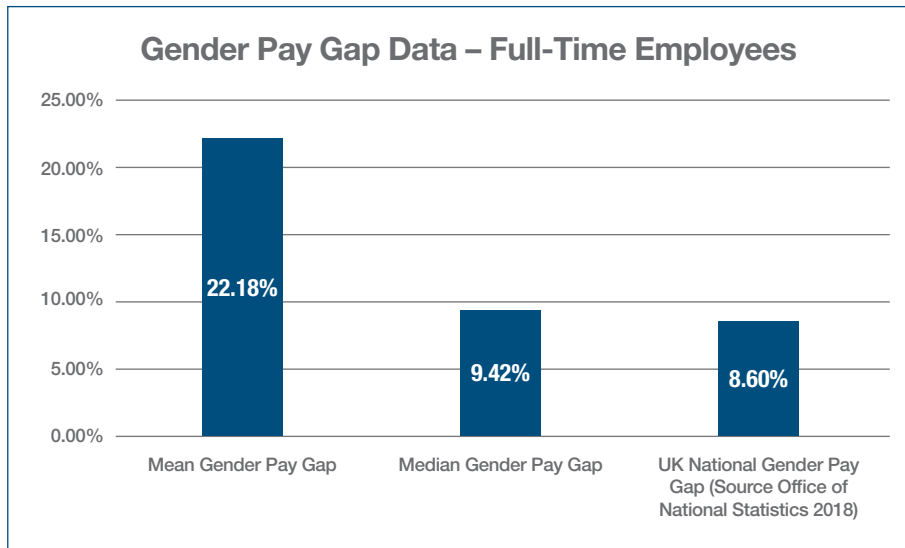
The Flowserve Company in scope for gender pay reporting requirements is Flowserve GB Ltd.

The gender pay gap shows the mean and median difference between the 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 1<sup>st</sup> April 2019. It also focuses on bonus payments received in the 12 months prior to 1<sup>st</sup> April.

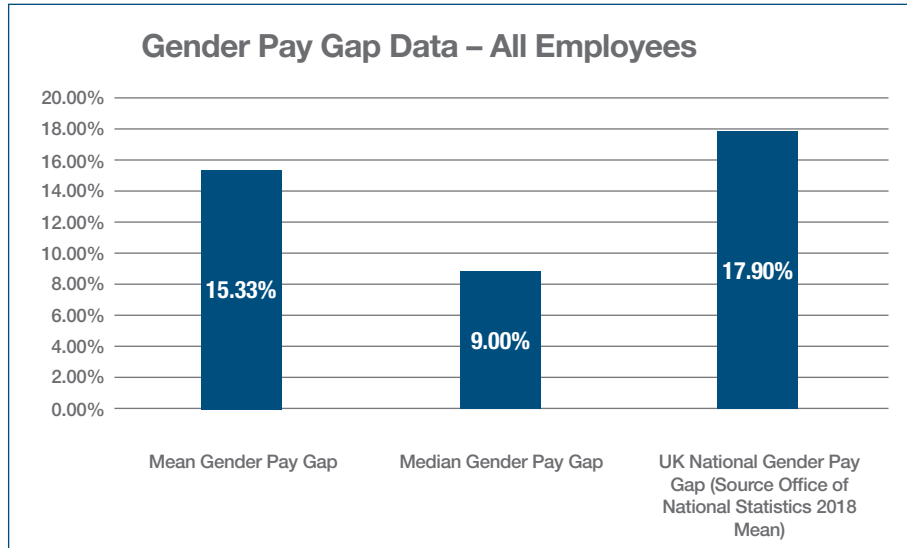
## GENDER PAY INFORMATION

The chart below shows our “Gender Pay Gap”. This is a snapshot of the difference between the mean hourly pay levels of all women compared to all men employed in the UK, irrespective of their role or level in the organisation, expressed as a percentage of men’s average pay. The chart also includes the difference between the median hourly rate of all employees.



It is reported by Office of National Statistics that the national mean Gender Pay Gap fell to 8.6% amongst full-time employees in 2018. The mean Gender Pay Gap at Flowserve within the reference period 5<sup>th</sup> April 2018 to 1<sup>st</sup> April 2019 is 22.18%. In addition, the increase against the 2017 report (mean Gender Pay Gap of 12.28%) can be further attributed to the appointment of two male Vice Presidents in the past 12 months, which significantly increase the male mean pay rate.

As a comparator, this year we have also included metrics whereby we have split our mean and median data to identify the impact of our part-time employees (predominantly women) on the data.



The Office of National Statistics reported the mean National Gender Pay Gap for all employees (including part-timers) in 2018 at 17.9%. Therefore, as a comparator to the ONS statistics Flowserve outperformed the national average with a mean Gender Pay Gap for all employees of 15.33%.

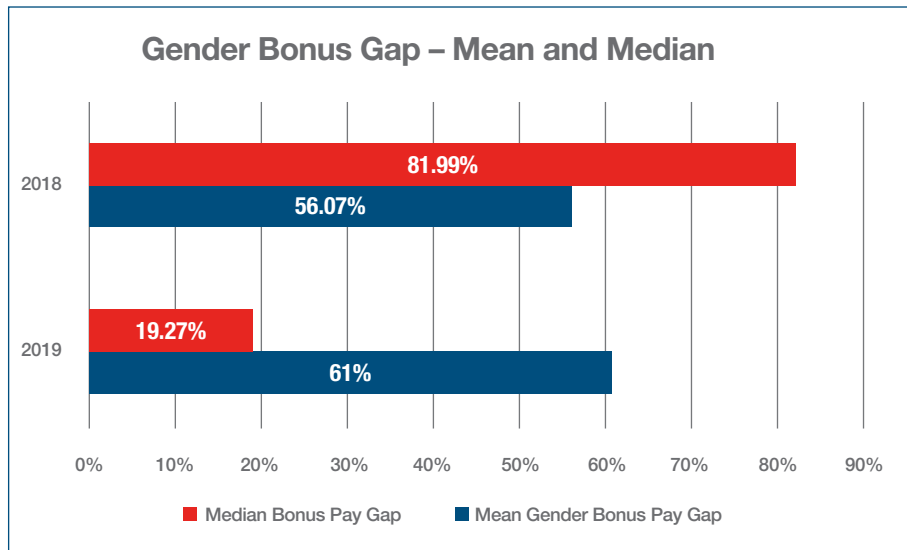
Flowserve data also reflects that the median pay of women within the UK is 9% lower than that of men when including all employees. The disparity between the two data reference points is due to the fact that last year’s figures included a group of employees who did not receive a bonus due to commercial targets not being met. Within this particular group of employees there is a high (100%) proportion of male employees.

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.

Flowserve continue to implement a structured approach to job analysis and pay to help ensure compensation opportunities are equitable and inclusive.

## THE BONUS DIFFERENCE

The Bonus Pay gap takes into account all bonus payments made to UK employees within the 12-month preceding the 1<sup>st</sup> April 2019.



Flowserve operates a number of incentive programmes to reward and recognise its employee’s contribution. Inclusive of these is a Sales Incentive Plan (SIP) for our Sales employees and another Annual Incentive Plan (AIP) for all other employees. Director level and above employees are also eligible for a Long Term Incentive. The Bonus Pay gap information above combines the SIP, the AIP and the LTI Programmes.

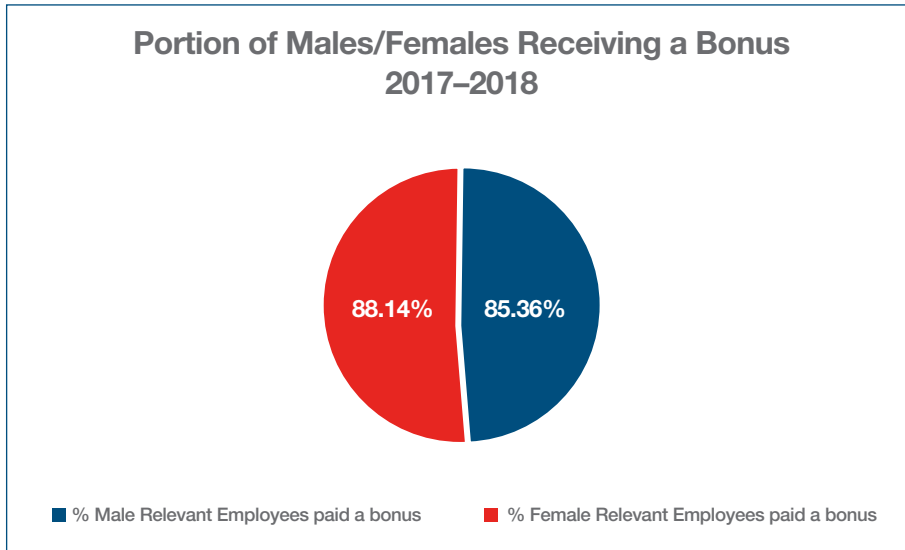
The Annual Incentive Programme bonus percentage rate is banded and escalates in accordance with role seniority. The scheme also differentiates payments in accordance with performance at individual, group and company level.

The mean Bonus Pay gap (61%) is similar to last year. The significant difference in average bonus is still due to proportionally more men being in senior, higher paid roles. More senior roles attract higher potential AIP earnings and at director level, brings access to the LTI scheme.

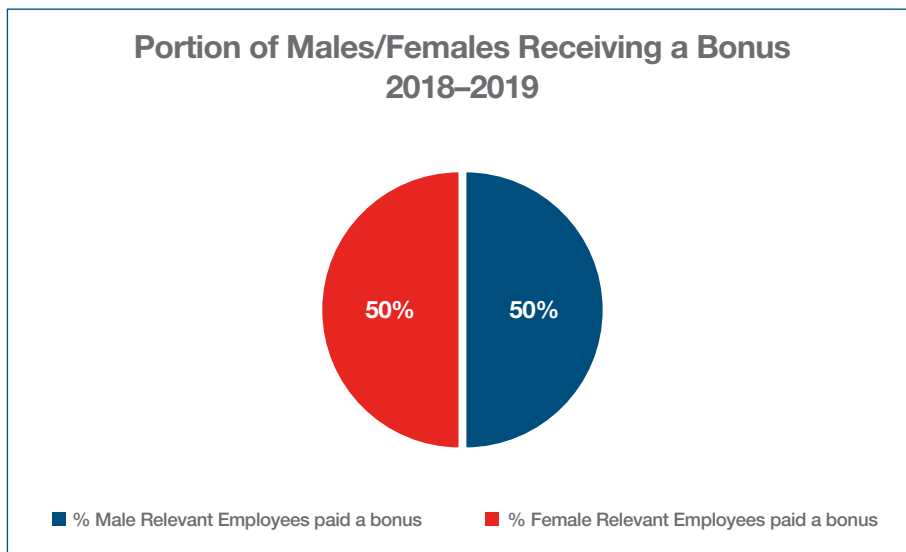
As with the majority of Sales Incentive Plans, Flowserve’s SIP programme is designed to achieve great rewards within Sales roles. The majority of sales roles are almost exclusively occupied by men.

The median Bonus Pay gap shows a significant reduction from 81.99% to 19.27%, however this is due to the AIP and SIP scheme payment dates being changed. Recipients to these bonus plans will receive payment in 2019 after the Gender Pay Gap Report reference period - 15 April 2019.

## PROPORTION OF ALL UK EMPLOYEES RECEIVING A BONUS



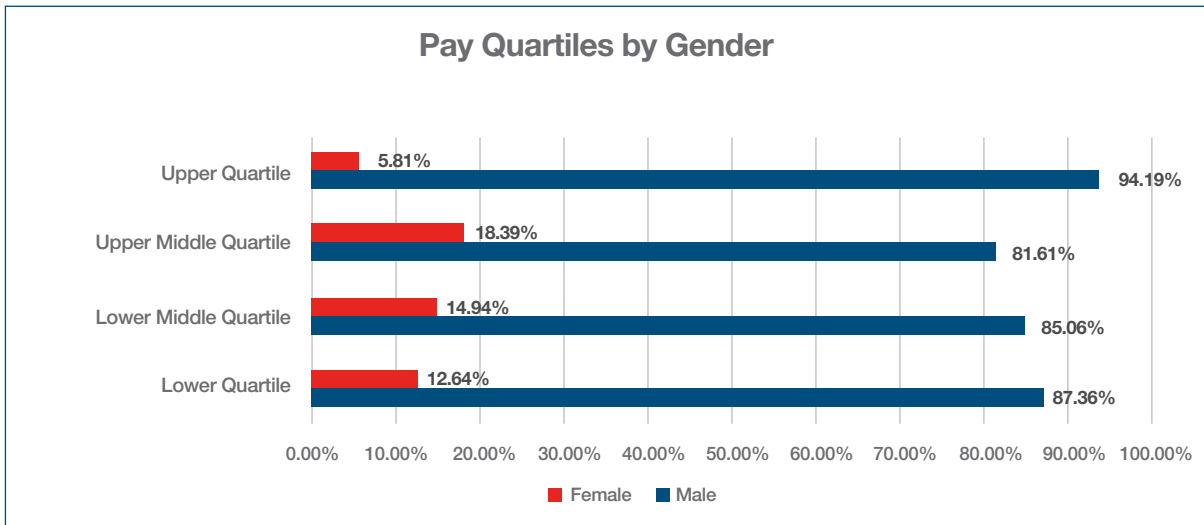
*(in 12 months preceding 1<sup>st</sup> April 2019)*



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

100% of eligible employees received a bonus this reference period March 2018 - April 2019, this increase to 100% is due to a business unit achieving a bonus payment from the completed performance year, whereas they had not from the year prior.

## 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 87 employees. Overall, at the snapshot date women represented around 15.56% of Flowserve GB employees. More women occupy the upper middle quartile than any other quartile, last year they were most present in the lower middle quarter.

This shows a positive shift of women occupying progressively more senior roles, however there is still a very small percentage of women in the upper quartile which is once again most likely reflective of more men proportionally in senior level roles.

Ultimately with only 15.56% of Flowserve GB employees being women, the gender comparators by quartile will remain disproportionate until greater gender balance is achieved in the workforce.

## REFLECTION AND MOVING FORWARD

Over the last 12 months Flowserve has continued with its local STEM activities with local schools and colleges in the Sussex area. There have been great successes in raising the profile of STEM related careers.

We have also encouraged our managers to think about equal opportunities and diversity in relation to recruitment and selection and have made some female appointments within the lower/upper middle quartile pay groups.

We strive to attract more female apprentices and make full use of our Apprentice Levy, however we are aware that only 8% of Engineering Apprentices were female within the UK (Engineering UK 2016/17). We are also aware that of the Engineering Graduates, only 16% were female (Engineering UK). This puts Flowserve GB Ltd in a place where there is fierce competition amongst employers for the best skilled female Engineers.

In 2019/2020 we hope to open our STEM activities outside of the Sussex area and engage more actively with local education institutes. Flowserve Corporation has launched "Flowserve Cares" recently which is to support through company funding local projects such as STEM initiatives. We hope to be involved with opening of a local six form college encouraging STEM career activity focused on Engineering to try and encourage young females in education to consider an Engineering career or a career within the Engineering and manufacturing industry to begin to create a healthy Engineering pipeline of talented females locally.

Internally it is important to raise the profile of our female workforce. We recently celebrated Women at Work Day globally. We will endeavour our senior female workforce to act as role models and mentors to new recruits and aspiring internal talent.

During 2019 we will continue to monitor and evaluate our diversity data and review our female pay ratios against our male workforce highlighting areas where we see opportunities and successes.