



# Gender Pay Gap Report 2020

**SGS UNITED KINGDOM LIMITED**



## WHAT IS THE GENDER PAY GAP?

Under legislation that came into force in April 2017, UK employers with more than 250 employees are now required to publish their gender pay gap based on an annual "snapshot" date of 5 April.

### THE GENDER PAY GAP IS DIFFERENT TO EQUAL PAY:

**Equal pay** deals with the pay differences between men and women who carry out the same jobs, similar jobs or work of equal value. It is unlawful to pay people unequally because they are a man or a woman.

SGS is committed to paying men and women equally for work of equal value and conducts regular analyses to ensure this remains the case.

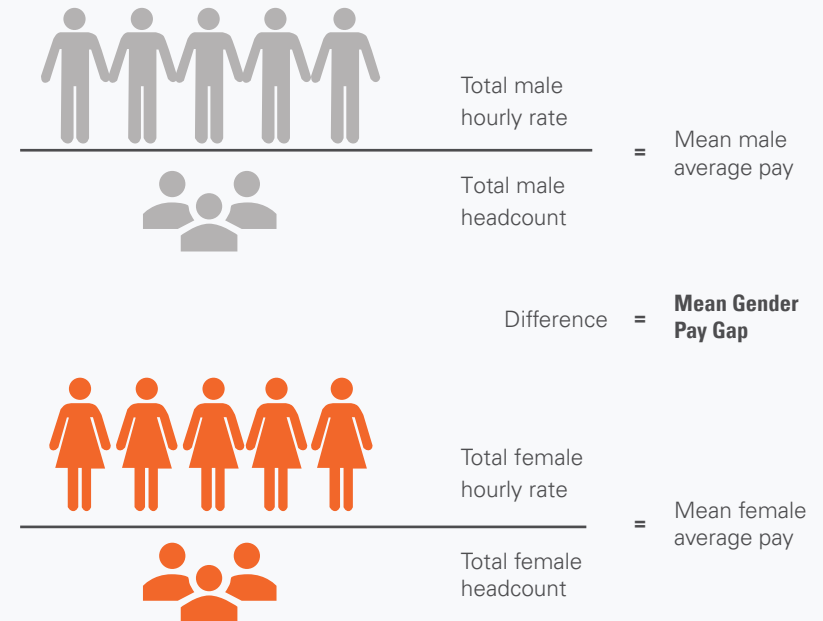
The **gender pay gap** shows the difference in the average pay between all men and women in a workforce.

### WHAT ARE EMPLOYERS REQUIRED TO PUBLISH?

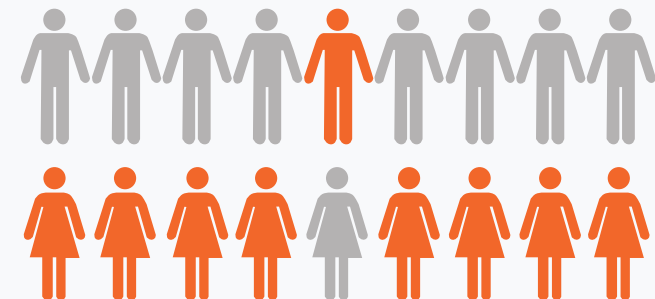
- **Mean gender pay gap:** The difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees.
- **Median gender pay gap:** The difference between the median hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees.
- **Mean bonus gender pay gap:** The difference between the mean bonus pay paid to male relevant employees and that paid to female relevant employees.
- **Median bonus gender pay gap:** The difference between the median bonus pay paid to male relevant employees and that paid to female relevant employees.
- **Bonus proportions:** The proportions of male and female relevant employees who were paid bonus pay during the relevant period.
- **Quartile pay bands:** The proportions of male and female full-pay relevant employees in the lower, lower-middle, upper-middle and upper quartile pay bands.

## DEFINITIONS

**MEAN** - The mean gender pay gap is the difference in the average hourly pay for women compared to men within a company



**MEDIAN** - The median represents the middle point of a population. If you line up separately all the women and all the men, the median pay gap is the difference between the hourly pay rate for the middle woman compared to the middle man.



# OUR RESULTS

The figures provided in this report are based on hourly rates of pay during the monthly pay period ending on 30 April 2020 and bonuses paid in the year up to 5 April 2020. The figures are compared to our 2019 data.

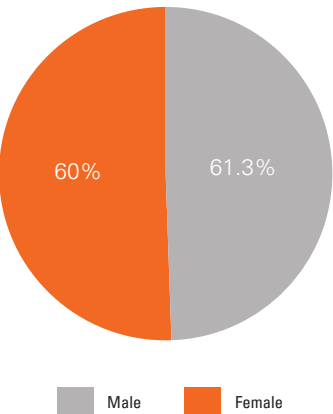
## DIFFERENCE IN PAY BETWEEN MALE AND FEMALE EMPLOYEES (MEAN AND MEDIAN GENDER PAY GAP):

	2019	2020	Change (2019 vs 2020)
Mean Pay Gap	17.3%	16.2%	-0.9%
Median Pay Gap	10.9%	11.5%	+0.6%

- In 2020 the mean pay gap has moved in a positive direction, whilst there is a small deterioration in terms of the median pay gap.
- The mean gender pay gap for the whole economy was 15.5% in 2020, down from 17.4% in 2019 (*Office for National Statistics (ONS) Annual Survey of Hours and Earnings figures, November 2020*).

## PROPORTION OF MALE AND FEMALE EMPLOYEES RECEIVING A BONUS PAYMENT:

Employees Receiving a Bonus 2020



	2019	2020
Male	63.6%	61.3%
Female	60.2%	60.0%

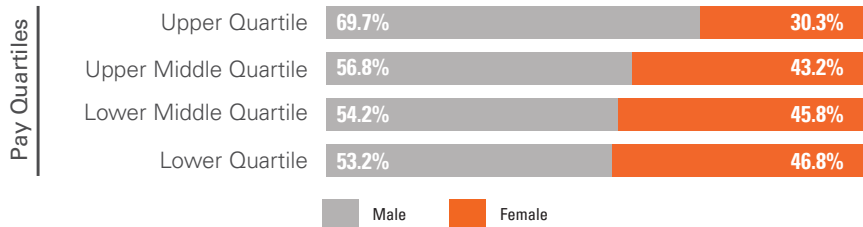
- A similar percentage of male and female employees received a bonus payment in 2020.
- It is important to acknowledge that bonus gaps are likely to fluctuate from year to year as they include one-off payments including share awards, discretionary bonuses, and commission payments.

## DIFFERENCE IN BONUS PAY BETWEEN MALE AND FEMALE EMPLOYEES (MEAN AND MEDIAN BONUS GENDER PAY GAP):

	2019	2020	Change (2019 vs 2020)
Mean Pay Gap	27.0%	26.5%	-0.5%
Median Pay Gap	22.9%	27.2%	+4.3%

- In 2020 the mean bonus pay gap has decreased over the previous year, whilst there is a larger increase in the median level of bonus awarded.

## PROPORTION OF MALE AND FEMALE EMPLOYEES IN EACH PAY QUARTILE (APRIL 2020):



- The pay quartile data for the past four years illustrates a positive evolution in terms of the proportion of women in the upper and upper-middle groupings.

		2017	2018	2019	2020
Upper Quartile	Male	76.0%	75.8%	74.9%	69.7%
	Female	24.0%	24.2%	25.1%	30.3%
Upper Middle Quartile	Male	63.7%	61.5%	57.4%	56.8%
	Female	36.3%	38.5%	42.6%	43.2%
Lower Middle Quartile	Male	65.7%	60.3%	60.1%	54.2%
	Female	34.3%	39.7%	40.0%	45.8%
Lower Quartile	Male	50.4%	54.7%	52.3%	53.2%
	Female	49.6%	45.3%	47.7%	46.8%

## UNDERSTANDING THE GAP

- A positive percentage figure, which almost all organisations are likely to have according to ACAS (December 2018), shows that overall female employees have lower pay or bonuses than male employees.

### For example:

A gap of 17.3% indicates the extent to which women earn, on average, less per hour than their male counterparts.

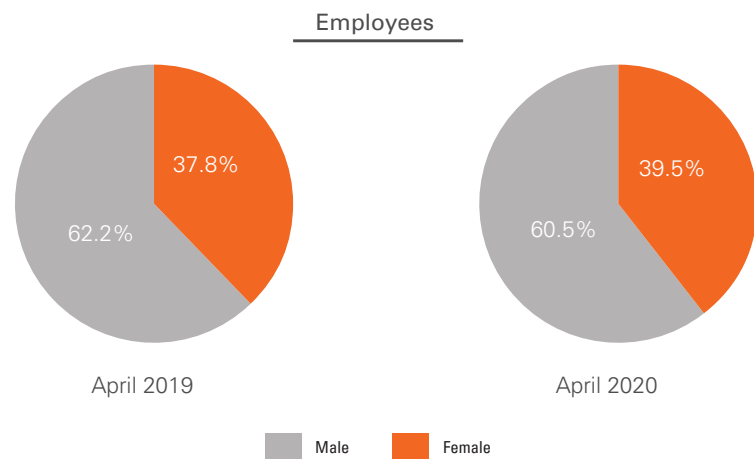
- Conversely, a negative percentage figure reveals that overall male employees have lower pay or bonuses than female employees.

### For example

A gap of -3.2% indicates the extent to which women earn, on average, more per hour than their male counterparts. This may happen, for example, if you employ a high proportion of men in low-paid part-time work, and/or your senior and higher-paid employees are women.

### WHY DO WE HAVE A GENDER PAY GAP?

- The gender split in April 2020 was 39.5% female and 60.5% male. This can be compared to April 2019 when the gender split was 37.8% female and 62.2% male. Whilst we have a marginal improvement in overall female representation, there remains a disproportionate number of women employed in roles attracting lower and lower-middle levels of pay (e.g. administration roles are 80% female), with a resultant impact on average levels of pay and bonus in particular.



- Until there is a more balanced representation of male and female talent across the workforce, a continued policy of developing and promoting internally will inevitably result in a greater proportion of males taking senior professional/technical and managerial roles that attract higher levels of pay.
- We recognise that highly specialist roles are historically dominated by men and that due to scarcity of skills or highly competitive markets, these positions often attract relatively high levels of remuneration. Over 40% of our workforce is employed in professional, technical or scientific disciplines. Such roles often require knowledge and experience of STEM subjects (science, technology, engineering and maths) which are statistically male dominated and associated with higher salaries. As an example, our largest business (by headcount) is the oil, gas and chemicals sector, where women comprise only 19% of the workforce. People employed in laboratory, offshore or engineering roles can often command relatively high pay, especially when generous allowances and shift pay are factored.
- Due to the acquisitive nature of the business, whereby new groups of employees enter with a different reward mix, there is the potential for year-on-year fluctuations, particularly as our services and associated levels of remuneration reflect a broad spectrum of the labour market. For example, a strategy to invest in food testing services will see us increase the ratio of females to males, thus presenting a greater opportunity in the future to draw on female talent when seeking to develop and promote into more senior roles. In the short term, however, an increase in headcount via acquisition of a food testing operation will have a detrimental impact on the overall gender pay gap due to this sector employing more women in lower skilled, lower paid positions.
- Our bonus gap is a result of a greater weighting towards variable pay at more senior levels (currently primarily occupied by men). Furthermore, the bonus calculations do not make an adjustment for part time working, whereby bonuses payments are pro-rata for a group comprising mainly women.
- COVID-19 and the subsequent furloughing of employees will have potentially distorted the gender pay gap figures for the reporting year. Many employees were placed on furlough in April 2020 under the Government's Job Retention Scheme, a majority of whom were male and in lower paid roles. Our analysis has shown that this will have had a small (upward) impact on the mean levels of overall pay for men during this reporting period.



## MEASURES TO ADDRESS THE GENDER PAY GAP

Our gender pay gap data generally reflects the headline UK position, however we will continue to monitor our workforce closely and maintain a focus on maximising the number of women we employ at all levels. Whilst our main market sectors are historically male dominated, we seek to ensure equal opportunity at all stages of the employment cycle in accordance with the principles of our Code of Integrity ([www.sgs.co.uk/en-gb/our-company/compliance-and-integrity/code-of-integrity](http://www.sgs.co.uk/en-gb/our-company/compliance-and-integrity/code-of-integrity)).

The SGS Group has developed and promoted key principles to underpin how we recruit, develop and engage people globally. As such, all our employment policies aim to ensure we source, select and reward without bias, offer flexible working conditions wherever practicable and ensure both men and women can compete fairly and equitably for all roles.

Specific UK initiatives for 2021 aimed at attracting and retaining female talent include the following:

- KPIs developed to monitor and report on the number of female applicants for advertised positions and numbers eventually hired;
- A requirement that all senior and executive management vacancies must include at least one female on the final shortlist of candidates, from which the successful applicant is chosen by a representative selection panel;
- Significantly improved maternity & paternity leave benefits aimed at attracting and retaining women in particular;
- Development of flexible working policies aimed specifically at employees typically carrying out office-based duties. The introduction of new hybrid working arrangements, which has been accelerated due to the learning and changed expectations resulting from the recent Covid-19 lockdown requirements, will provide an enhanced work-life balance in roles dominated by female employees and, hopefully, allow more opportunities for career and pay progression.

### DECLARATION

We confirm that the figures contained within this report are accurate and have been calculated in line with the government regulations, the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.



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WHEN YOU NEED TO BE SURE

