



Gender Pay Gap Report 2021

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 5th 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.

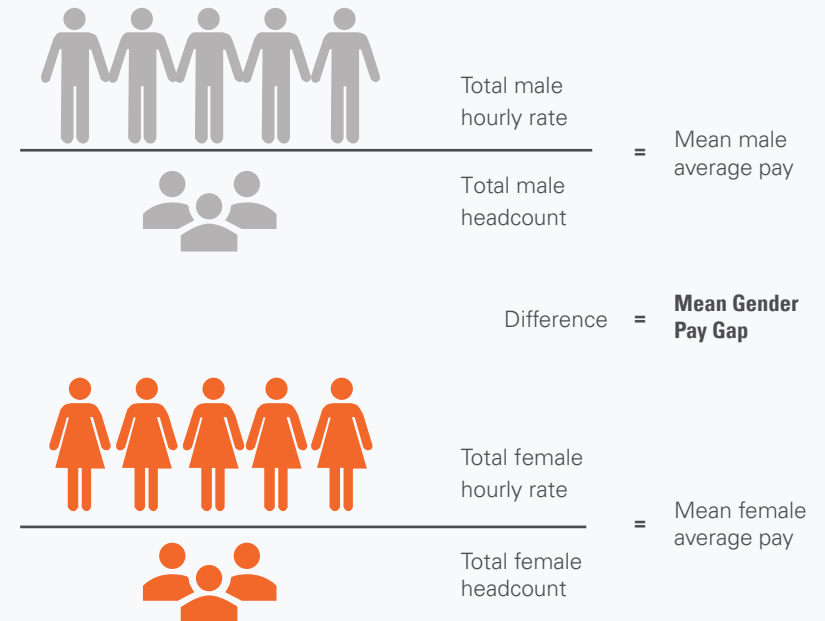
The **gender pay gap** shows the difference in the average pay between all men and women in a workforce.

WHAT ARE EMPLOYERS REQUIRED TO PUBLISH?

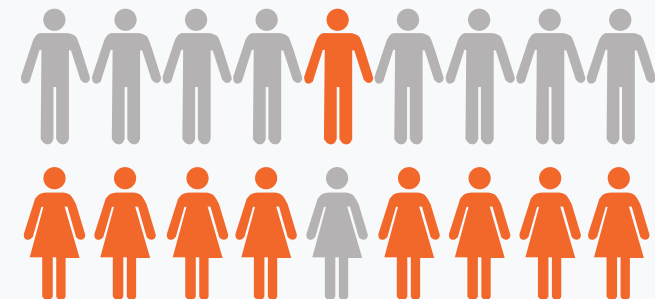
- **Mean gender pay gap:** The difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees.
- **Median gender pay gap:** The difference between the median hourly rate of pay of male full-pay relevant employees and that of female full-pay 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 2021 and bonuses paid in the year up to 5 April 2021. The figures are compared to our 2019 and 2020 data.

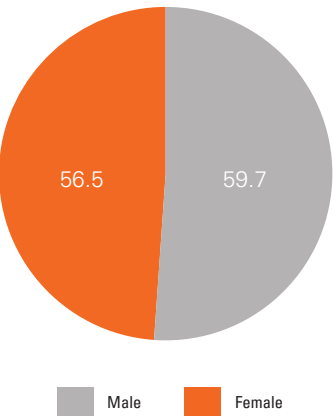
DIFFERENCE IN PAY BETWEEN MALE AND FEMALE EMPLOYEES (MEAN AND MEDIAN GENDER PAY GAP):

	2019	2020	2021
Mean Pay Gap	17.3%	16.2%	17.3%
Median Pay Gap	10.9%	11.5%	15.1%

- In 2021 the mean pay gap has increased slightly and there has been a greater differential in terms of the median pay gap.
- The mean gender pay gap for the whole economy was 15.4% in 2021, up from 14.9% in 2020 (*Office for National Statistics (ONS) Annual Survey of Hours and Earnings figures, October 2021*).

PROPORTION OF MALE AND FEMALE EMPLOYEES RECEIVING A BONUS PAYMENT:

Employees Receiving a Bonus



	2019	2020	2021
Male	63.6%	61.3%	59.7%
Female	60.2%	60.0%	56.5%

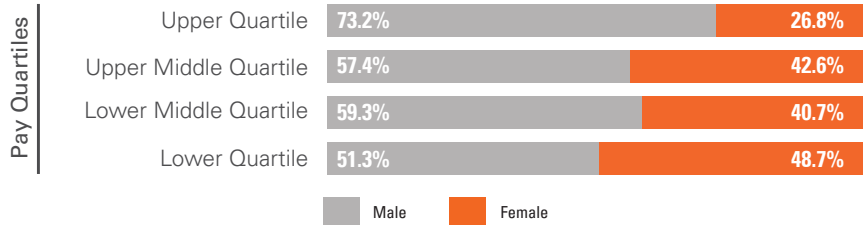
- A higher proportion of male employees received a bonus payment in 2021 when compared to female employees.
- It is important to acknowledge that bonus gaps are likely to fluctuate from year to year as they may include one-off payments including share awards, discretionary bonuses, and commission payments.

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

	2019	2020	2021
Mean Pay Gap	27.0%	26.5%	26.6%
Median Pay Gap	22.9%	27.2%	18.0%

- In 2021 the mean bonus pay gap has increased marginally compared to the previous year, but there has been a much larger decrease in the median level of bonus awarded.

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



- Whilst the pay quartile data previously illustrated a positive evolution in terms of the proportion of women in the Upper-Middle and Upper Quartiles, 2021 has seen a shift in the opposite direction.

		2019	2020	2021
Upper Quartile	Male	74.9%	69.7%	73.2%
	Female	25.1%	30.3%	26.8%
Upper Middle Quartile	Male	57.4%	56.8%	57.4%
	Female	42.6%	43.2%	42.6%
Lower Middle Quartile	Male	60.1%	54.2%	59.3%
	Female	40.0%	45.8%	40.7%
Lower Quartile	Male	52.3%	53.2%	51.3%
	Female	47.7%	46.8%	48.7%

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.

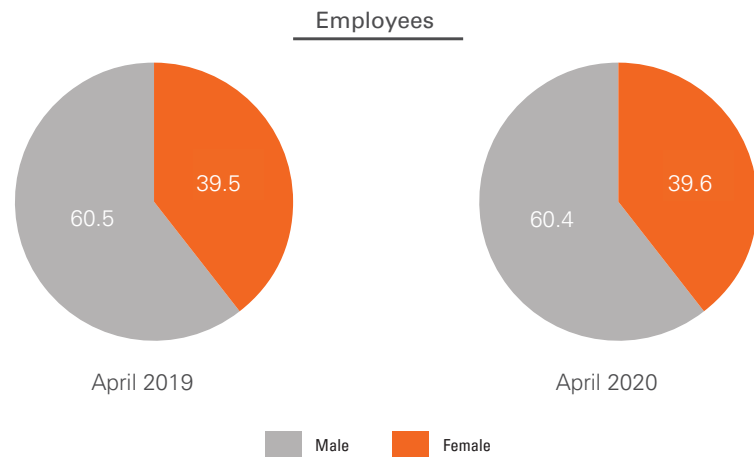
- Conversely, a negative percentage figure reveals that overall male employees have lower pay or bonuses than female employees.

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 our workforce in April 2020 was 39.5% female and 60.5% male. In comparison, in April 2021 we saw a slight positive increase in the gender split, which was 39.6% female and 60.4% male. The gap is still being predominately driven by an over-representation of females in roles attracting lower and lower-middle levels of pay e.g. of those in administration roles in 2021, 78% are female (compared to 80% in 2020).



- Our commitment to developing and promoting internally does inevitably result in a greater proportion of males taking senior professional/technical and managerial roles that attract higher levels of pay and this will remain the case until there is a more balanced representation of male and female talent across the workforce.
- We recognise that highly specialist and technical roles are historically dominated by men and that due to scarcity of skills and highly competitive markets, these positions often attract relatively high levels of remuneration. Following two large acquisitions in 2021, we now have over 54% of our workforce employed in professional, technical or scientific disciplines. Such roles often require knowledge and experience of STEM subjects (science, technology, engineering and maths) which continue to be statistically male dominated and associated with higher salaries.
- 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. The acquisition of food testing services has meant an increase in the ratio of females to males in the laboratory, 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, this has had a detrimental impact on the overall gender pay gap due to those women being in lower skilled, lower paid positions.
- There has been a greater number of females recruited into Apprentice roles, which has inevitably created a greater median pay gap in the short term but as these employees complete their apprenticeships over the coming years, the gap will decrease.
- There continues to be a bonus gap given the greater weighting towards variable pay at more senior levels, which remain primarily occupied by men. Furthermore, the bonus calculations do not make an adjustment for part time workers, who are predominately women. Alongside this, employees of the recently acquired companies were not eligible to receive a bonus award in 2021.



MEASURES TO ADDRESS THE GENDER PAY GAP

Our gender pay gap data continues to track the headline UK position, albeit marginally higher, 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).

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. Measures were taken in 2021 aimed at reducing the gender pay gap, including improved maternity leave benefits and the

promotion of our flexible working policies. Whilst these have a positive impact, we are mindful that the acquisitions have reduced the overall impact these measures have had on the gap.

We continue to monitor and report on the number of female applicants for advertised positions and numbers eventually hired and ensure that all senior and executive management vacancies include at least one female on the final shortlist of candidates, from which the successful applicant is chosen by a representative selection panel.

We are currently developing management training programmes to support existing managers and help newly promoted managers succeed in their roles. These measures, along with a managers onboarding tool, should help to ensure we can identify, promote and develop female talent more effectively.

For 2022, a key objective is to harmonise the terms and conditions of those employees working in the acquired companies to align them more closely to the main workforce, which should see a much more positive improvement on the gender pay gap.

In addition, SGS UK is committing to becoming a Real Living Wage employer in 2022 which should raise the hourly rates of pay for the lower paid employees who are predominately female.

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.



Melanie Naylor – Principal HR Business Partner

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WHEN YOU NEED TO BE SURE

