

Gender Pay Gap Report

MAHLE

Engine Systems



March 2020





Introduction

We are an employer required by law to carry out Gender Pay Reporting under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

The gender pay gap shows the difference in average pay between men and women in a workforce. If a workforce has a particularly high gender pay gap, this can indicate there may be a number of issues to deal with, and the individual calculations may help identify what those issues are.

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

We have a clear policy of paying employees equally for the same or equivalent work, regardless of their sex (or any other characteristic set out above).

We are therefore confident that our gender pay gap does not stem from paying men and women differently for the same or equivalent work. Rather our gender pay gap is the result of the roles in which men and women work within our company and the salary packages that these roles attract.

In 2017 and 2018, we reported on the economic situation across our industry. The challenges that we experience with attracting females into STEM based roles are expected to continue for many years ahead.

While we acknowledge we have a gender pay gap, we also know why it exists and are committed to address those areas, that we as a company can change.

Our priority is to improve the diversity of our workforce and specifically, to increase the number of women in the company across all levels.

We will continue our efforts to eliminate the gender pay gap, both within our company and across our industry.

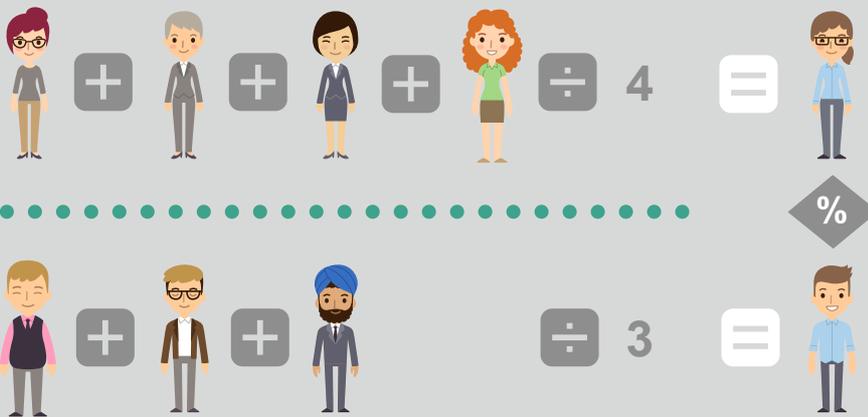


Calculations

There are a total of six calculations performed, to show the difference between the average earnings of men and women in our company.

The gender pay gap shows the difference between the average (mean or median) earnings of men and women. This is expressed as a percentage against men's earnings.

For example; women earn 10% less than men (a negative figure would indicate that on average women earn more).



MEAN

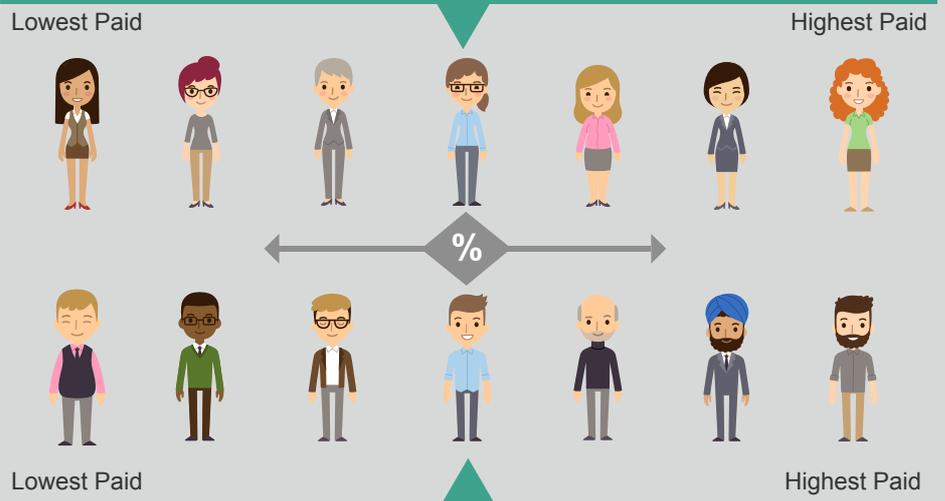
If we add together the hourly rates of all female employees and divide the total by how many female employees there are, we calculate the **mean** pay.

We repeat this calculation with our male employees and then compare the difference.

MEDIAN

If employees were lined up in a female line and a male line, in order of pay from highest to lowest.

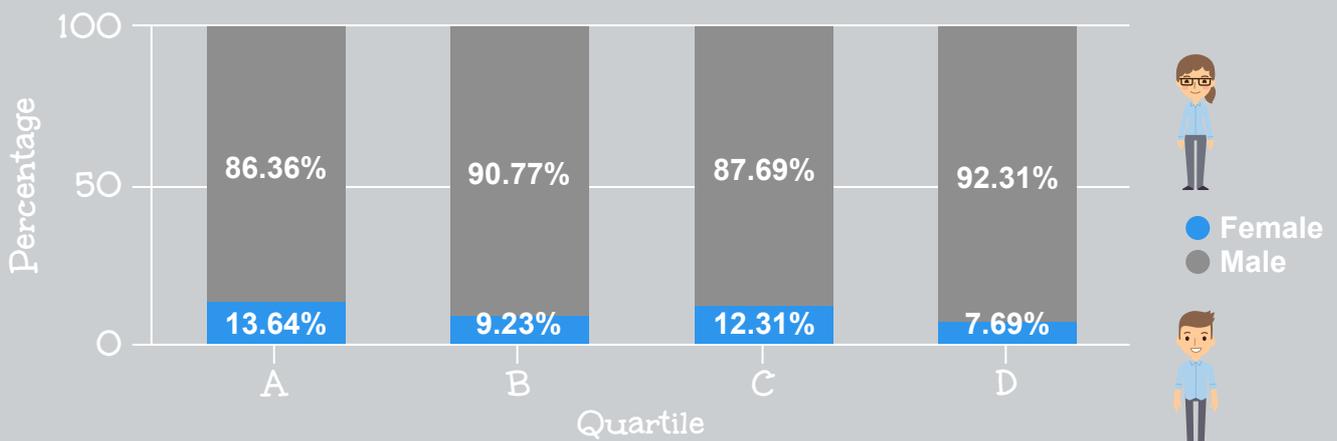
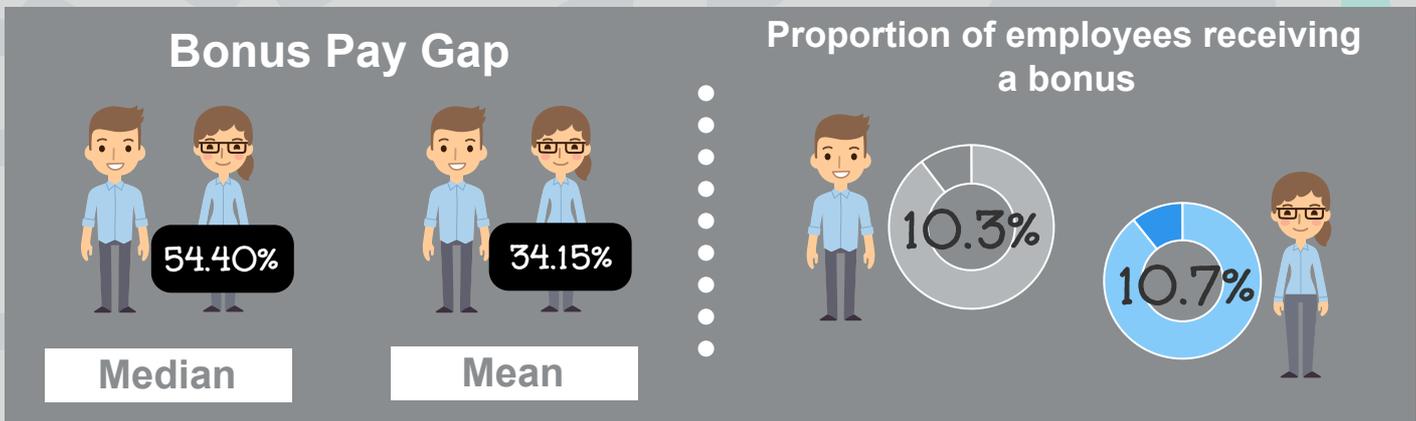
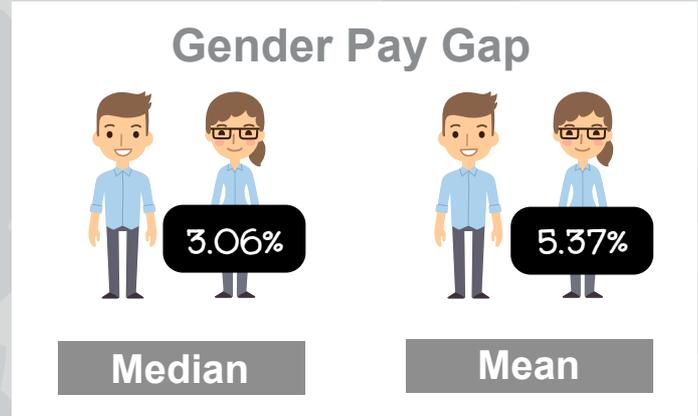
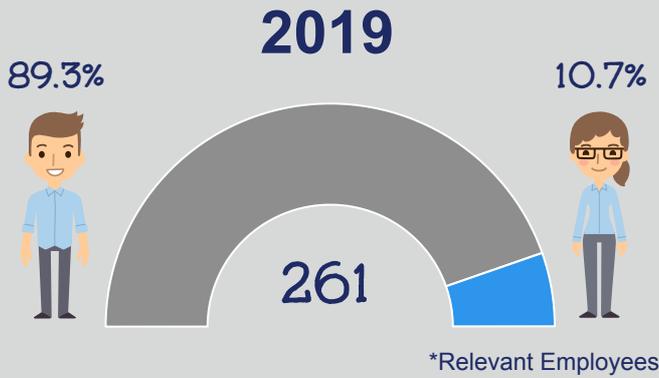
The **median** compares the pay of the female in the middle of their line, and the pay of the middle male.



We must report the difference in pay between men and women, the difference in bonus payments between men and women, and show the distribution of our employees across a split of four pay quartiles (lowest to the highest paid).



Summary Results



- A** Includes all employees whose standard hourly rate places them at or below the lower quartile
- B** Includes all employees whose standard hourly rate places them above the lower quartile but at or below the median
- C** Includes all employees whose standard hourly rate places them above the median but at or below the upper quartile
- D** Includes all employees whose standard hourly rate places them above the upper quartile



Overview

The Gender Pay Gap indicates that males are on average paid more per hour than females. The Bonus pay gap shows a considerable difference between payments made between men and women, with men being paid the most.

Our pay gap has increased against our 2018 report, which previously indicated a negative pay gap in favour of women. We believe this change is the result of a decline in the automotive industry, leading to restructuring across some areas of the MAHLE business, and the outcome of losing a small number of females from an already underrepresented population. That said, our pay gap figures are extremely favourable in comparison to the rest of our industry and across the UK as a whole.

It is known that Britain suffers from an acute shortage of engineers. Within that, sits the UK automotive industry which is heavily male dominated. This is particularly prevalent in areas such as maintenance, quality, engineering technician and manufacturing roles. While women make up 47% of the UK workforce as a whole, in engineering women continue to be underrepresented, making up only 12.3% of engineering roles. The gender pay gap for engineering sector occupations is 18.7%.

Just 18% of girls aged 11 to 19 had a high level of knowledge of engineering careers compared with 30% of boys.

In their 2019 Engineering Brand Monitor report, which analyses data gathered through their annual survey of young people aged 7 to 19, Engineering UK state that;

Clear gender differences were also found across the board, with girls being less likely than boys to know about engineering, to view it positively, to consider a career in the industry or know what to do next in order to become an engineer. They are also less likely to believe they could become an engineer if they wanted to.

Boys across all age groups were significantly more likely than girls to see themselves as being able to become an engineer. Such findings are startling, given that girls on average outperform boys in most STEM subjects at GCSE and A level.

Engineering Professionals

Women earn 3.4% less than men

Women earn **£20.04** per hour (£36,894 year)

Men earn **£20.74** per hour (£42,341 year)

Women hold **11%** of these jobs

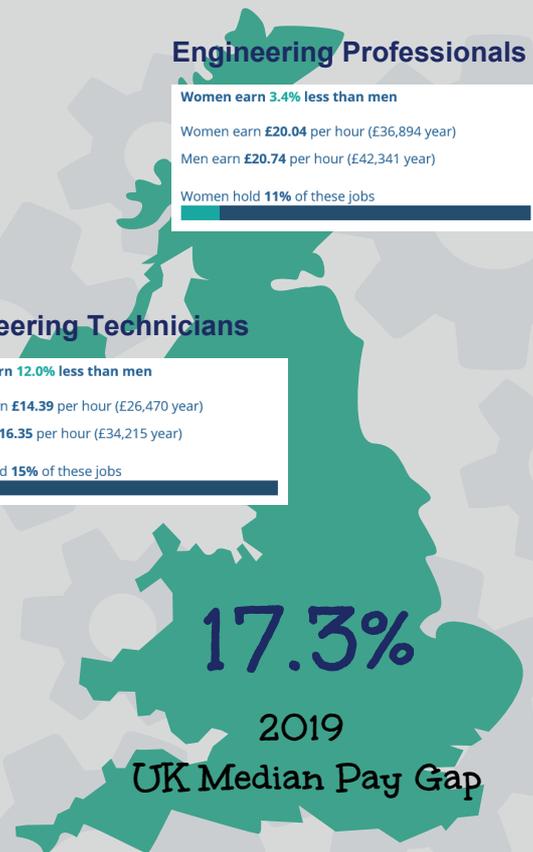
Engineering Technicians

Women earn 12.0% less than men

Women earn **£14.39** per hour (£26,470 year)

Men earn **£16.35** per hour (£34,215 year)

Women hold **15%** of these jobs

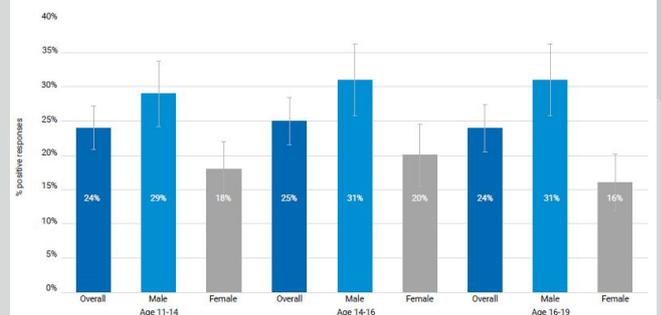


*Office for National Statistics

The issues with recruiting females in to engineering occupations begin much earlier in life. In 2018, **Engineering UK** reported that by the age of 18 only 25.4% of females would consider a career in engineering as opposed to 51.9% of males. Girls and women make up less than 18% of higher apprentices in engineering and manufacturing, and 7.4% of all engineering apprentices

Engineering is perceived more negatively than other STEM subjects by young people.

Figure 3 | Knowledge of what people who work in engineering do among young people aged 11 to 19 in 2019, by age group and gender - UK



Source: EngineeringUK Engineering Brand Monitor 2019



Overview Cont.

The challenges of addressing the gender pay gap in our industry will likely to continue for some time. The Royal Academy of Engineering stated in a recent report titled *"Closing the Engineering Pay Gap"* that there is low awareness about the gender pay gap for engineers and widespread confusion about its causes and how to fix it.

The Engineering UK Brand Monitor, is an attitudinal survey of more than 2,500 young people, 1,000 STEM secondary school teachers and 1800 members of the public. The results of the survey showed compelling evidence that STEM outreach can and does work. Young people attending a STEM careers activity in the past 12 months were over 3 times as likely to consider a career in engineering than those who had not. Yet only just over a quarter of young people surveyed reported having attended such an activity.

Additional figures reported by WISE suggest that the number of females in STEM related careers is on the increase, which makes the outlook appear somewhat brighter for all companies in this sector.

MAHLE is committed to help raise the number of women in engineering, both within our company and the industry alike. In the previous year, we committed to carry out a number of activities, which have so far proven successful, resulting in a rise in the percentage of females recruited in our company across the UK during 2018 and 2019, currently standing at 20%, which is above the industry average.

During 2019 we increased our STEM activities, and will continue to do so into 2020. We pledged to the Equality and Human Rights Commission's "Working Forward" campaign, demonstrating our commitment to helping working parents gain a positive experience in the workplace, and encouraging mothers to return to work.

We have a long way to go, but MAHLE is confident that we will see an improvement in the number of women entering and remaining in engineering occupations in the coming years.

Commitments

Whilst our gender pay gap compares favourably, this is not a subject about which we are complacent, and MAHLE is committed to doing everything it can to reduce the gap.

In the coming year, we are committed to:

- ✓ Continually reviewing our family friendly policies and initiatives, to encourage women to work for and stay working for MAHLE
- ✓ Increasing our STEM activities across all UK sites
- ✓ Changing the way we recruit, offering more opportunities for flexible working, and using gender neutral language in our job adverts
- ✓ Focus on increasing diversity and inclusion activities



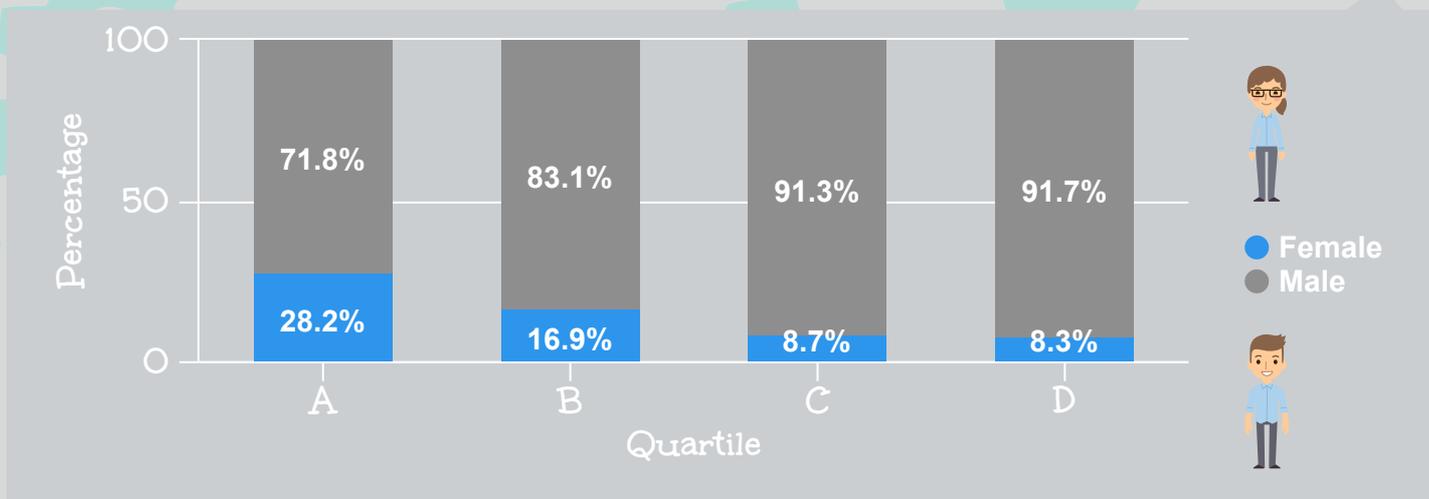
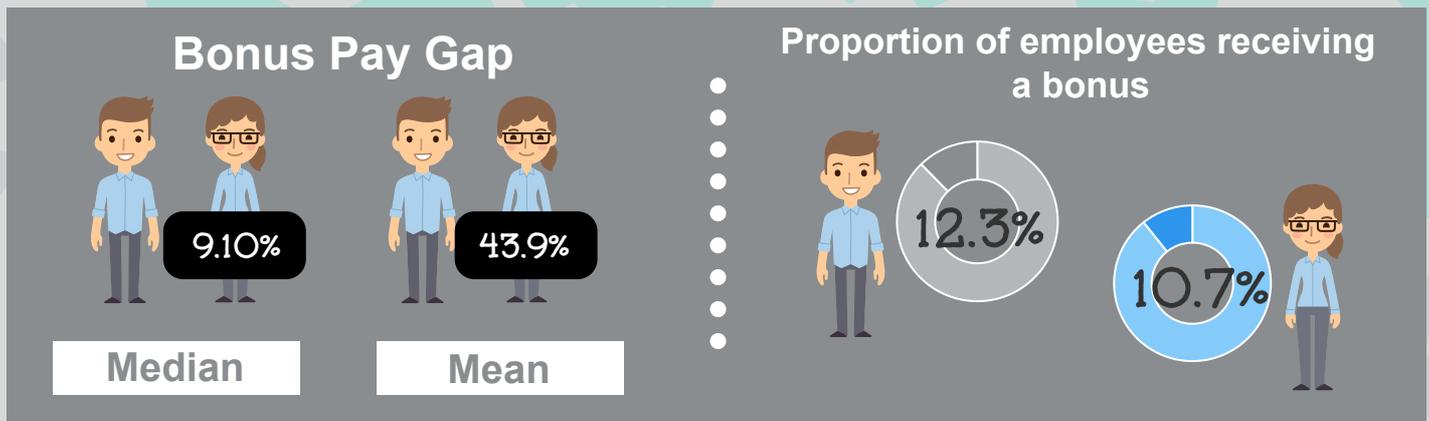
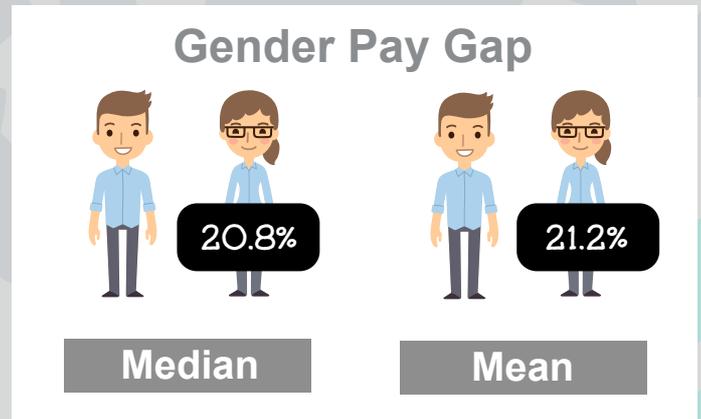
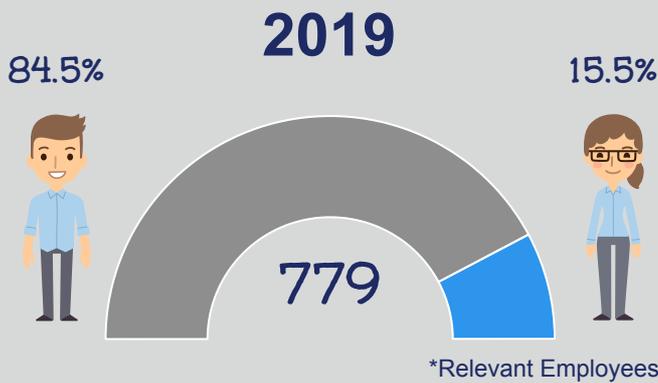
Toni Snell
UK Head of HR



UK Results

The reporting requirements, specify that we must report the Gender Pay Gap figures for entities that employ 250 or more employees. However, we as a business strive to be honest and transparent with our employees.

We believe that although we are not required to do so, the true picture of our Gender Pay Gap is to report data for the whole of the UK. Therefore the data that you see on this page covers all management entities across MAHLE UK, based on relevant employees as at **5th April 2019**.



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