

Schaeffler (UK) Ltd is required by law to publish an annual gender pay gap report.

This is its report for the snapshot date of 5th April 2018.

## What are the underlying causes of Schaeffler (UK) Ltd.'s gender pay gap?

Schaeffler UK Ltd has a clear policy of paying employees equally for the same and equivalent work, reviews pay and benefits at regular intervals and evaluates job roles and pay grades to ensure a fair structure supporting Schaeffler's global commitment to conduct itself with "Transparency, Trust and Teamwork".

Schaeffler UK Ltd is confident that the clear published gender pay gap does not stem from paying men and women differently for the same or equivalent work. Rather its gender pay gap is a result of the roles in which men and women work within Schaeffler and the salaries that these roles attract.

While many of the causes of the gender pay gap relate to employment itself, and to the nature of work and working patterns, many other factors originate outside the workplace. These are derived from stereotyped gender roles and cultural prejudices regarding the role of men and women.

Our lack of progress in making working hours more flexible and workers more interchangeable has also prevented our progress in improving the economic benefits of the rigid work schedule.

Closing the pay gap means making jobs work differently. There are some jobs where this is not a possibility and adding more flexibility to jobs won't erase the gender pay gap overnight. But it's part of a larger shift to addressing the pay gap.

## How does Schaeffler (UK) Ltd.'s gender pay gap compare with that of other organisations?

While Schaeffler (UK) Ltd is broadly within the average of similar sized organisations in its gender pay reporting, our headline mean gender pay gap has increased from 17.7 in 2017 to 17.9 in 2018, and our median gender pay gap more significantly from 5.6 to 7.1 year on year. This deterioration is disappointing and while reflecting the national trend is something of which we are not proud.

An increase this small is incidental in some ways but could be indicative of early steps that have not filtered through yet, exemplified by our focus to hire more female apprentices, interns and trainees. Encouraging more women into a male dominated business is good progress but increases the gender pay gap in the short term.

## What is Schaeffler (UK) Ltd doing to address its gender pay gap?

In our submission last year, we committed to creating an evidence base to identify any barriers to gender equality by analysing our recruitment, internal promotion and reasons for leaving by men and women.

We experienced relatively low voluntary turnover (less than 4%), which is our norm historically, but this does not facilitate the hiring of new diverse talent to make any significance to our gender pay analysis.

Our hiring of women was equal to those leaving our employment, half of which related to fixed term internships, a few to career progression and in 3 cases due to our inability to offer part-time work. However, our good progress on hiring disproportionately more women interns will not improve our gender pay gap in the short term but is part of a strategy to hire a more diverse future workforce and is a critical investment.

Effectively the proportion of our workforce that are women declined slightly, given that the higher turnover was in male dominated work categories with zero female applicants. We will continue to monitor this, and are committed to improving the culture around flexible work policies to publicise our openness to attract and retain our talent, as well as actively seeking female applicants for traditionally male oriented roles.

In long term planning, to rebalance our workforce we have formed links with local communities to increase our profile. For example, we participate in 'industry days' at local schools and also help with mock interviews. We are one of the 100 local businesses that are 'founders' in 'NMITe', the new Technology and Engineering University in Hereford, who strive to recruit 50/50 men and women.

Further focus needs to be on ensuring we are a more attractive company in order to engage a broader, more diverse workforce by developing our family friendly practices. We are working with recruiters to ensure a diverse shortlist and investing in our existing and future leadership in order to be more engaging and inclusive. More work is required to both identify and prioritise development investment in our female talent to ultimately address the disproportionate pay medians in the upper quartiles.

It is evident that there is no quick fix. A large gap points to (typically) women being clustered in more junior roles, and progressing them through the ranks could take years. Our plan includes recruiting more female employees at mid- and senior levels, which will potentially help to close the pay gap. Closing the gender pay gap is not a quick process, and Schaeffler (UK) Ltd will need time to see its gap close as we implement these long term action plans.

Actions are how we need to both judge ourselves and be judged by others.

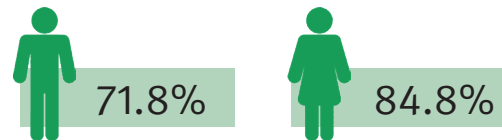
## Pay difference between women and men:

All Schaeffler (UK) Ltd employees at 05.04.2018

The mean gender pay gap for Schaeffler (UK) Ltd is:	17.9%
The median gender pay gap for Schaeffler (UK) Ltd is:	7.1%
The mean gender bonus gap for Schaeffler (UK) Ltd is:	17.7%
The median gender bonus gap for Schaeffler (UK) Ltd is:	19.5%

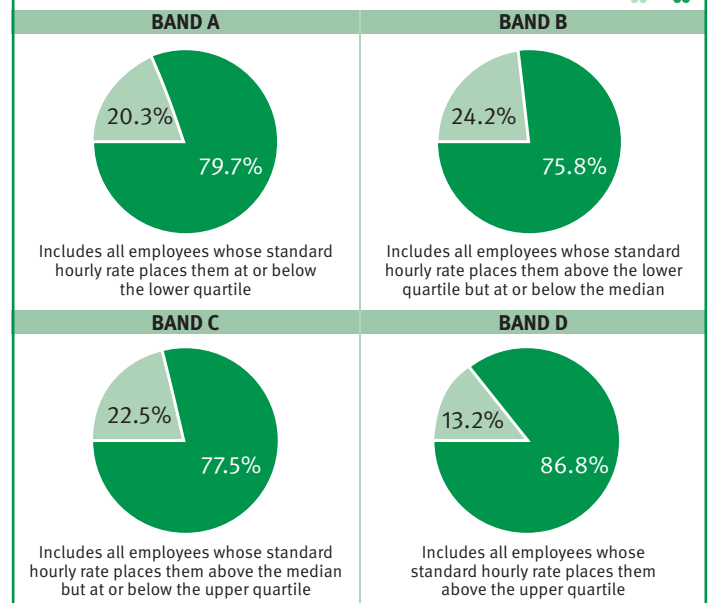
## Proportion of UK employees receiving a bonus:

In the 12 months preceding 05.04.2018



## Pay quartiles by gender:

All Schaeffler (UK) Ltd employees at 05.04.2018



The figures set out above have been calculated using the standard methodologies used in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

I, **Roger Campbell**, Vice President HR Western Europe, confirm that the information contained in this statement is accurate.

SIGNED DATE **05.04.2019**