

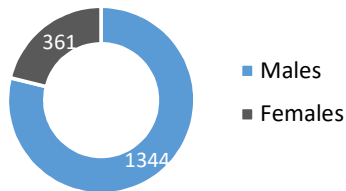
Spirax-Sarco Engineering plc Gender Pay Gap Report 2019

Background:

In accordance with the Equality Act 2010; Gender Pay Gap Regulations came into force on 6th April 2017, requiring all UK subsidiaries of Spirax-Sarco Engineering plc employing 250 or more people to publish gender pay gap data on their website, on an annual basis.

Spirax-Sarco Engineering plc has three UK subsidiaries which meet the statutory reporting threshold: Spirax Sarco Ltd¹, Watson-Marlow Ltd and Aflex Hose Ltd. Four UK subsidiaries (BioPure Technology Ltd, Chromalox UK Ltd, Gestra UK Ltd and VCE Ltd) do not meet the statutory reporting threshold and are not reported separately. We have chosen to voluntarily disclose consolidated Group figures for Spirax-Sarco Engineering plc's entire UK workforce and consolidated figures for Watson-Marlow Fluid Technology Group's UK workforce.

Total number of employees



The hourly gender pay gap contained in this report was calculated as at 5th April 2019 and bonus data from bonuses paid in the 12 months prior to that date. On 5th April 2019, Spirax-Sarco Engineering plc's UK operations employed 1,705 people of whom 1,344 were male (79%) and 361 were female (21%).¹

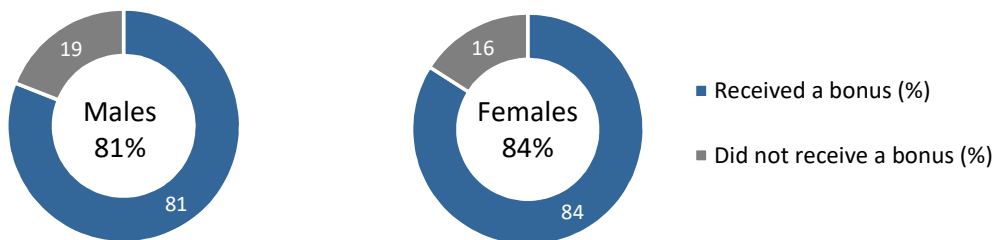
Definitions:

Unlike equal pay data, which considers the differences in pay between male and female employees carrying out similar jobs or work of equal value, the gender pay gap is the difference in the average earnings of males and females across the company as a whole, irrespective of role. Positive gender pay gap figures denote higher male earnings, while negative figures denote higher female earnings.

Spirax-Sarco Engineering plc, consolidated data for all UK operations: ¹

	Difference between male and female	
	Mean	Median
Hourly fixed pay gap	15.9%	14.6%
Bonus pay gap	55.8%	57.0%

Proportion of employees who received a bonus for 2018 (%)



¹ Consolidated data includes all employees including three Spirax-Sarco Engineering PLC Executive Directors and four UK subsidiary companies.

Analysing Spirax-Sarco Engineering plc's UK pay gap:

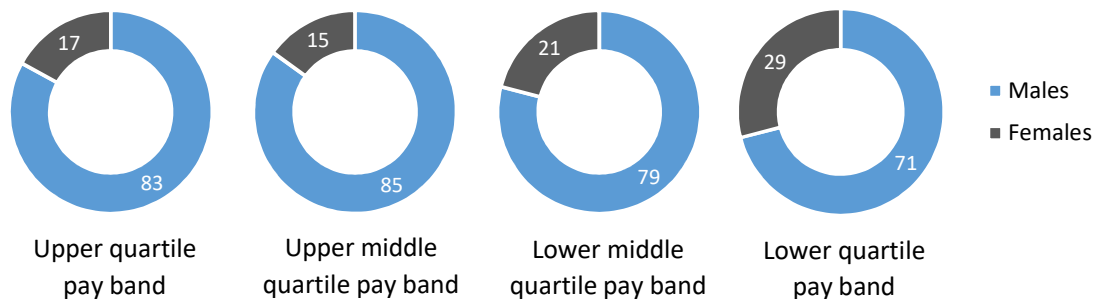
The average hourly pay of males is 15.9% higher than that of females in Spirax-Sarco Engineering plc's UK operations. This is primarily because there is less female representation in the upper pay bands within Spirax-Sarco Engineering plc compared to the lower pay bands.

The UK Office for National Statistics estimates a 16.2% mean gender pay gap across all industries in 2019; therefore, our mean gender pay gap is slightly below the national average.²

Spirax-Sarco Engineering plc is an equal opportunities employer. Therefore, we believe that the gender pay gap disclosed in this report reflects structural differences in the level and types of jobs carried out by males and females within our workplaces. Our remuneration practices are designed to reward and recognise the contribution of all employees, and to be free of gender bias. We complete a regular salary benchmarking exercise, using external agencies and consultants, to help standardise and inform pay recommendations. Departments also conduct regular talent meetings to ensure existing employee career aspirations (regardless of gender) are considered in the context of business need. The results of these meetings are discussed at Executive level and include discussion to progress female high potential employees.

In total, 81% of male and 84% of female employees received bonuses in the 12 months to 5th April 2019, with male bonus earnings being 55.8% higher on average. Again, this reflects the lower proportion of females in senior management positions.

Proportion of males and females in each pay quartile (%)



How Spirax-Sarco Engineering plc is continuing to address its UK gender pay gap

The 2019 update to the Engineering UK Report (a companion piece to the "Engineering UK: The State of Engineering Report" by the 2019 Excel Resource) states that women account for only 12% of workers in engineering occupations compared to a much higher 47.1% of the overall UK workforce in 2018.³ The gender imbalance and structural workforce challenges that we face are symptomatic of a number of wider issues within UK society, such as the under representation of females studying STEM (Science, Technology, Engineering and Mathematics) subjects at both school and university and going into STEM apprenticeships and further education.

We are continuing to challenge entrenched gender stereotypes around the roles of males and females in the workplace, with the aim of encouraging more females into engineering and STEM careers.

Our early careers programme, which includes regular engagement with local schools is continuing as is participation in, and hosting of, International Women in Engineering Day events (the 2019 event in

² Office for National Statistics, "Total Table 1.12 Gender Pay Gap 2019", 2019 Provisional, www.ons.gov.uk/

³ Engineering UK, Key Facts and figures, Chapter 7. Engineering UK is a 2019 Excel Resource drawing on various data sources including the ONS and Labour Force Survey <https://www.engineeringuk.com/media/156186/key-facts-figures-2019.pdf>

Falmouth: our Watson Marlow UK base; was also attended by four of our Board members). Attending careers fairs, offering apprenticeships and Graduate recruitment programmes, are all ongoing initiatives and will hopefully help us to break down gender stereotypes and raise awareness of engineering as a career for both males and females. In particular our Global graduate programme has more than 50% female representation in the 2019 intake, up on 2018. However it's worth noting that where our efforts on female graduates are positive for long term gender pay and gender diversity overall, in the short-term it serves to widen the pay gap by introducing more females into the lower pay quartile.

Other initiatives and awareness over the previous 12 months have included:

- Measuring our female participation in LEAP (a two week off-site senior management training programme). This year being 27% females and up on 2018.
- Ensuring our recruitment processes are gender balanced. Direction has been issued to our key recruitment agencies to encourage more diverse talent selection. This follows through internally to measuring the gender profile of applicants, shortlists and final offers.
- Changing language in our job adverts to ensure it is free of gender bias to encourage a diverse level of interest.

Our intent is to continue to focus on our business practices and to take action to encourage diversity and inclusion in every form including a focus to improve female representation in the longer term. An example being for our company wide 2020 conferences to include an element of "Inclusion training" for the first time.

Statement:

The data contained in this report has been calculated using the mechanisms set out in the gender pay gap reporting legislation and in line with mandatory requirements.

Signed:

Jim Devine

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Group HR Director, Spirax-Sarco Engineering plc

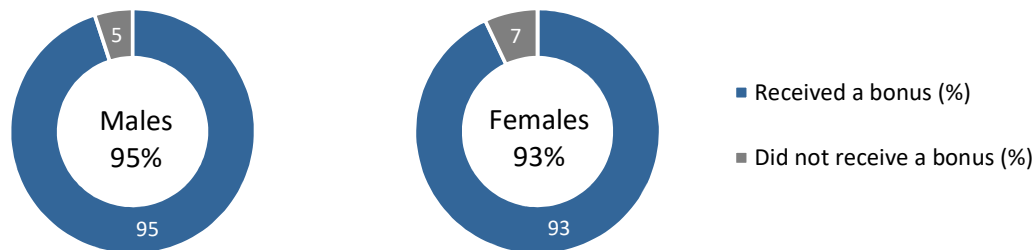
25th February 2020

Spirax-Sarco Ltd

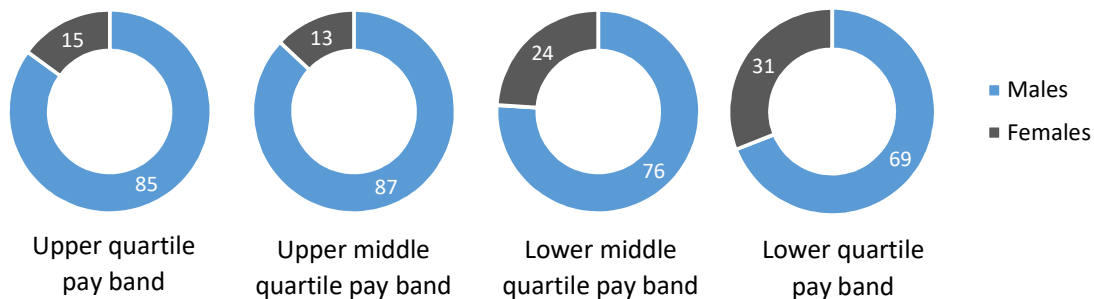
On 5th April 2019, Spirax-Sarco Ltd comprised 956 employees of whom 749 were male (78%) and 207 were female (22%).⁴

	Difference between male and female	
	Mean	Median
Hourly fixed pay gap	24.6%	20.6%
Bonus pay gap	66.8%	56.2%

Proportion of employees who received a bonus for 2018 (%)



Proportion of males and females in each pay quartile (%)



Analysing Spirax-Sarco Ltd's gender pay gap

As with the Group figures, the key contributing factor affecting the gender pay gap for both hourly rates of pay and bonus pay is the higher proportion of females in the lower pay bands compared to the proportion of females in the higher pay bands.

The pay gap in the mean and median hourly rates of pay and bonus is also a result of the inclusion of Spirax-Sarco Engineering plc Executive Directors and the senior managers of a number of Group functions in the Spirax-Sarco Ltd data. The inclusion of these senior managers serves to widen the pay gap.

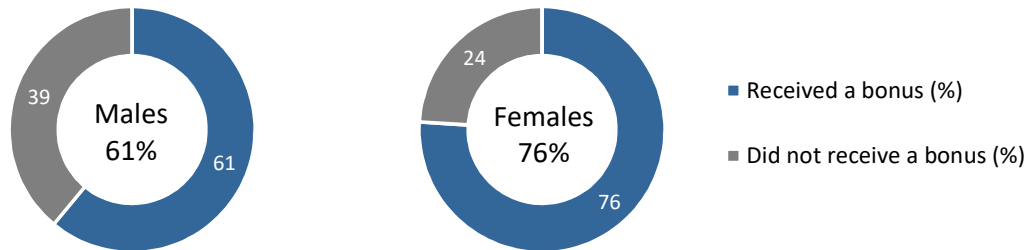
⁴ Spirax-Sarco Ltd's data includes three Spirax-Sarco Engineering plc Executive Directors.

Watson-Marlow Fluid Technology Group

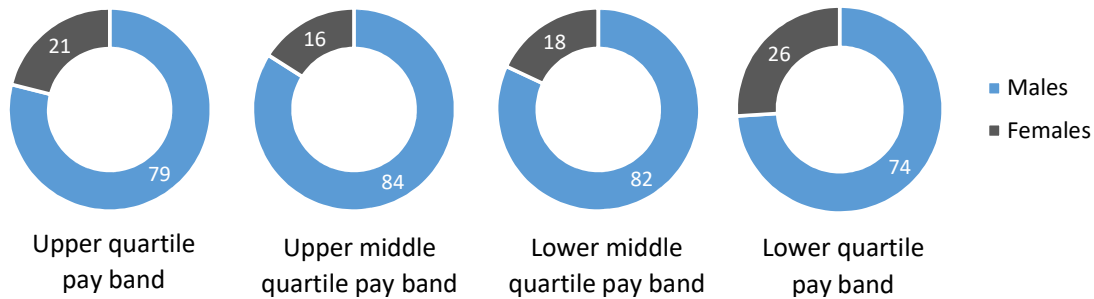
On 5th April 2019, Watson-Marlow Fluid Technology Group employed 694 people in the UK, of whom 551 were male (79%) and 143 were female (21%).⁵

	Difference between male and female	
	Mean	Median
Hourly fixed pay gap	-0.8%	0.0%
Bonus pay gap	-30.0%	0.0%

Proportion of employees who received a bonus for 2018 (%)



Proportion of males and females in each pay quartile (%)



Analysing Watson-Marlow Fluid Technology Group's UK gender pay gap

At a negative 0.8%, Watson-Marlow Fluid Technology Group's mean hourly gender pay gap is significantly lower than the national average. This is a result of there being similar proportions of females in the higher pay bands as the lower pay bands.

Watson-Marlow's Executive Committee comprises five males and three females. Of the males, two are paid outside of the UK and so are excluded from the data set. The combination of a higher percentage of female senior managers in the data set and a number of male senior managers being employed outside the UK, serves to further reduce the gender pay gap.

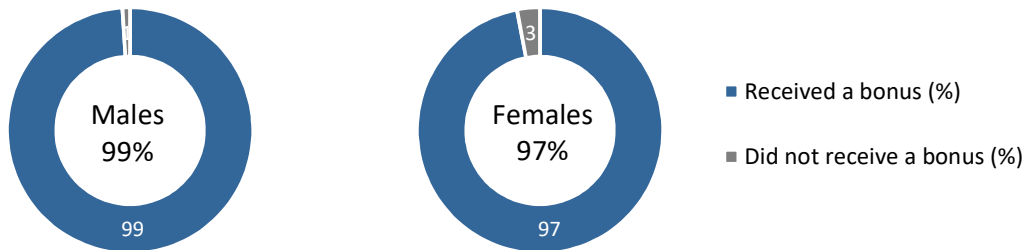
⁵ The consolidated data for Watson-Marlow Fluid Technology Group includes Watson-Marlow Ltd, Aflex Hose Ltd and BioPure Technology Ltd.

Watson-Marlow Ltd

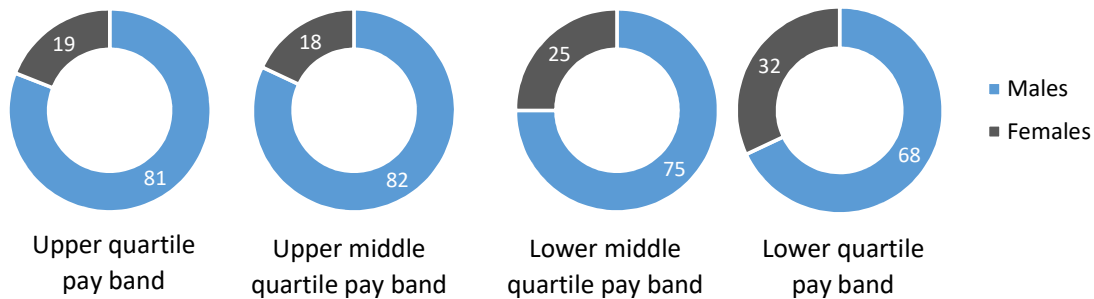
On 5th April 2019, Watson-Marlow Ltd employed 326 people, of whom 247 were male (76%) and 79 were female (24%).

	Difference between male and female	
	Mean	Median
Hourly fixed pay gap	2.9%	11.1%
Bonus pay gap	-32.0%	0.0%

Proportion of employees who received a bonus for 2018 (%)



Proportion of males and females in each pay quartile (%)



Analysing Watson-Marlow Ltd's gender pay gap

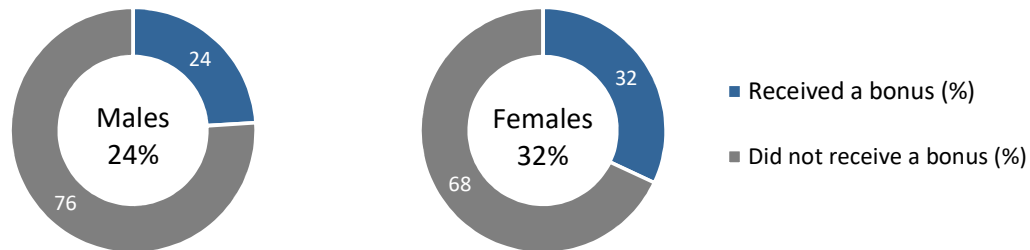
Watson-Marlow Ltd's mean hourly pay gap is considerably lower than the Spirax-Sarco Engineering plc consolidated figure, and also the national average, at 2.9%. Bonus pay is 32.0% higher for females than for males. A number of female senior managers in Watson-Marlow Ltd serve to lower the gender pay gap and increase the average bonus pay for females.

Aflex Hose Ltd

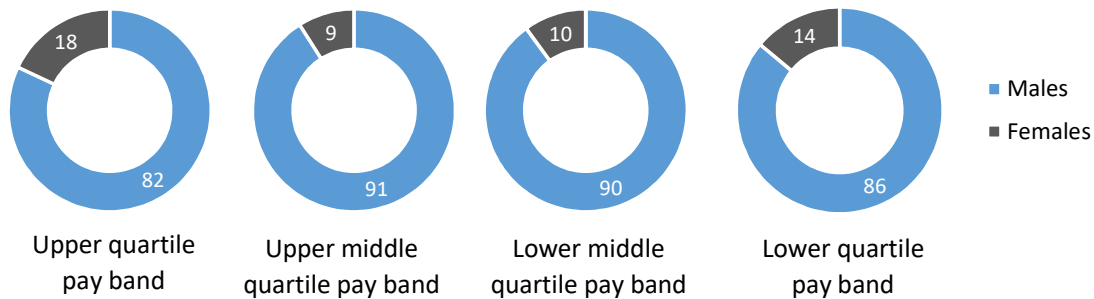
On 5th April 2019, Aflex Hose Ltd employed 311 people, of whom 270 were male (87%) and 41 were female (13%).

	Difference between male and female	
	Mean	Median
Hourly fixed pay gap	9.0%	3.1%
Bonus pay gap	37.3%	0.0%

Proportion of employees who received a bonus for 2018 (%)



Proportion of males and females in each pay quartile (%)



Analysing Aflex Hose Ltd's gender pay gap

Aflex Hose Ltd's mean hourly pay gap is significantly lower than the national average at just 9.0%, with a lower median hourly pay gap at 3.1%. While males outnumber females in all quartiles of the workforce, female representation is highest in the upper pay quartile, at 18%, which continues to inflate the female average pay in comparison to males. A small number of higher-earning females serve to reduce the hourly pay gap.

The mean bonus gap is higher at 37.3%. This has increased significantly since last year's 2% gap. More females in 2019 received a bonus compared to 2018, albeit the average value being lower. This change to awarding a bonus to more females has served to increase the mean gap. Consistent with last year more males than females received bonuses, and introducing this smaller bonus award to females has made the spread more consistent between genders and closes the median gap for 2019 to 0.0% (2018: a higher median bonus by 129.5% paid to females compared to males).