



# Daikin UK Gender Pay Gap Report 2018

## Introduction

In 2017 Gender Pay Regulations brought into effect a requirement for all employers with 250 or more employees to publicly report their gender pay gap. The gender pay gap is the percentage difference in the average pay and bonuses of all men and women across the organisation regardless of job seniority.

Data must be reported on six items, which are:-

- The difference in the mean\* pay of men and women;
- The difference in the median\*\* pay of men and women;
- The difference in the mean bonus pay of men and women;
- The difference in the median bonus pay of men and women;
- The proportion of men and women who received bonus pay; and
- The proportion of men and women in each of the four quartile pay bands

*\*Mean is the 'average' where all values are added together and then divided by the total number of values that exist*

*\*\*Median is the 'average' as in the middle value when all values are listed in numerical order from smallest to largest and the middle value is selected*

## Daikin UK Gender Pay Gap Report 2018

Daikin UK has strong people values and is committed to the principle of equal treatment for all.

This is the second year that we have reported our gender pay gap information and the findings of 2018, along with a comparison against 2017, are outlined below.

## Gender Pay and Bonus Gap

For pay, the report looks at data for the period of April 2018 which includes bonus received in that month. For bonus, it looks at bonus data only for the 12 months ending 5<sup>th</sup> April 2018.

The proportion of males to females in Daikin UK as at 5<sup>th</sup> April 2018 was 74.6% male to 25.4% female. As at 5<sup>th</sup> April 2017 the proportion was 75.7% male to 24.2% female.

The table below shows our average gender pay gap for pay and bonuses for April 2018 and April 2017. For the current reporting year we have a mean average pay gap of 16.7% and a median average pay gap of 19.2% for pay.

	2018		2017	
	Mean gender pay gap (average of all)	Median gender pay gap (middle value of all)	Mean gender pay gap (average of all)	Median gender pay gap (middle value of all)
<b>Pay</b>	16.7%	19.2%	17.2%	15.6%
<b>Bonus</b>	34.0%	44.4%	30.2%	33.1%

The Office for National Statistics headline measure for the gender pay gap is the difference between the median pay for men and women.

Our median gender pay gap is 19.2% which is slightly higher than the current national median average of 17.9% and is an increase of 3.6% from our median gender pay gap for 2017. This is explained in the key findings below.

### The Proportion of Males and Females Receiving a Bonus in the Bonus Period



85.1% of males received a bonus



88.7% of females received a bonus

Jobholders are eligible for the bonus scheme which applies to that role regardless of gender. When bonus is not earned it is due either to reasons of performance or a new employee not yet being eligible due to a short time with the company.

There is no significant difference between the proportion of males and females who received a bonus in 2018 in comparison to the proportion of males and females who received a bonus in 2017 (2017 = 85% males and 87.5% females).

### Pay Quartiles

The table below shows the findings for 2018 and 2017 of the proportion of men and women in the four pay quartiles between our lowest and highest pay points with the population split equally between the quartiles.

Pay Quartile	2018		2017	
	Proportion of men	Proportion of women	Proportion of men	Proportion of women
Lower quartile	62.3%	37.7%	59.7%	40.3%
Lower middle quartile	73.5%	26.5%	77.6%	22.4%
Upper middle quartile	88.2%	11.8%	82.1%	17.9%
Upper quartile	80.9%	19.1%	80.3%	19.7%

### Key Findings

The gap in both pay and bonus can be explained by a variety of factors: -

- A higher proportion of the female population is more prevalent in lower-level roles whilst a higher proportion of the male population is more prevalent in higher-level roles where pay and bonus are higher.
- Our bonus schemes for Management and Sales staff are partly paid in April (the reporting month) and are therefore included in the pay data for the period of April 2018. There is a high proportion of the male population in each of these schemes.
- Our bonus for non-Sales and non-Management employees is partly paid in May and is therefore not included in the pay data for the period of April 2018. There is a high proportion of the female population in this scheme.

The key factors behind the increase in the median pay and bonus gaps between 2017 and 2018 are explained below.



- We recruited 40 people during the year to 5<sup>th</sup> April 2018; 28 males and 12 females and this proportion is similar to our existing male/female population spread. All of the female recruits were in lower-level roles whereas 64% of the male recruits were in higher-level roles where pay and bonus are higher.
- We promoted 23 people during the year to 5<sup>th</sup> April 2018; 18 males and 5 females and this proportion is similar to our existing male/female population spread. 60% of female promotions were within the lower-level roles whereas 77% of male promotions were within the higher-level roles where pay and bonus are higher.
- In respect of the bonus gap, we have seen a significant shift in sales bonus earnings. In 2017, the median sales bonus earnings were slightly higher for females than males. This changed in 2018 where the median sales bonus earnings for males were significantly higher than females.

Our pay system remains underpinned by a job evaluation process which helps to determine pay bands alongside market data. Pay within bands considers previous experience along with performance and growth within the role over time, with no reference to gender.

### How Will We Make a Difference to the Pay Gap?

- We have set up a Reward Policy Group with a balance of male/female senior management. This group has worked alongside HR, and will continue to do so, in the management of our pay, bonus and performance management processes.
- We will broaden the remit of this group to develop our approach to diversity, inclusion and equality. This group will focus on activities that we consider would make a difference to the pay gap and diversity more generally. This will include consideration of;
  - How we can attract and develop more females into higher-level roles.
  - How we can maximise opportunities for flexible working and family friendly policies to support staff for whom this is a factor in retention and progression.
  - How we can raise awareness of diversity across the organisation.

We confirm that Daikin UK is committed to the principles of gender pay and that the data reported is accurate.

Dave Gregson  
Head of HR, Daikin UK

4<sup>th</sup> April 2019