

Closing the gap.

Understanding the gender pay gap at LR



APRIL 2018

Introduction

Here at LR we have a proud heritage of being a people organisation. We're a global business, with around 7000 colleagues from different backgrounds and with different skills, perspectives and beliefs.

To fulfil our purpose of making the world a safer place, and to enable our customers to do great things, we know we need to nurture a diverse and inclusive workforce, where everyone has the chance to thrive.

Under new legislation that came into force in April 2017, companies with more than 250 employees in the UK are required to publish their gender pay gap. This compares the average hourly pay of men to the average hourly pay of women. This is different from equal pay, as it doesn't directly compare the pay for people doing similar roles, with similar skills and levels of responsibility.

At LR, we're committed to paying women and men equally for equal work. It's not just a legal obligation; it's the right thing to do.

However, like many other technology and engineering organisations, we do have a gender pay gap that exists mainly because we have more men than women in senior roles.

In this report we want to be transparent about our gender pay gap, and share our commitment to address it.

We believe that we deliver better and more sustainable results when different perspectives shape our thinking. And, of course, diversity is about more than just gender. We want LR to be an inclusive place to work where everyone can make a difference, give their best and succeed.

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Richard Drury
Group HR Director

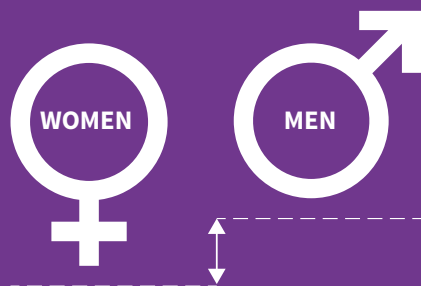
Our gender pay gap

Like many companies in the UK, and particularly in technology and engineering sectors, we have a gender pay gap.

Mean hourly pay gap

The mean gender pay gap shows the difference in the average hourly rate of pay of men and women at LR.

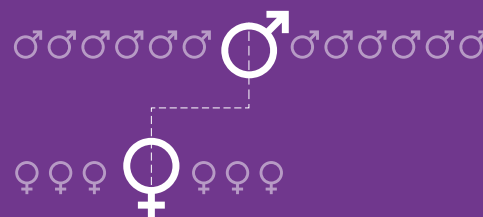
28.9%



Median hourly pay gap

If all our colleagues were lined up with women in one line and men in another, in order of pay from highest to lowest, the median compares the pay of the woman in the middle of their line and the pay of the man in the middle of their line.

32.7%



Bonus pay gap

In 2016, due to challenging market conditions, we took the difficult decision not to pay bonuses for most of our colleagues. However, there were a small number of specific project and sales related incentives, which resulted in a larger than usual gap for 2016.

69.2%

In 2017, all colleagues were awarded a performance related bonus as a percentage of their salary, which we will report next year when we expect to see the gap reduce.

Understanding the gap

We have a clear gender pay gap that is influenced by two key factors:

Encouraging women into STEM careers

Our technical expertise is one of the things that sets us apart, and means we employ a large number of people with Science, Technology, Engineering and Maths (STEM) related skills. Historically, greater numbers of men have been attracted to careers in these fields, which means that a significant proportion of our technical roles are filled by men.

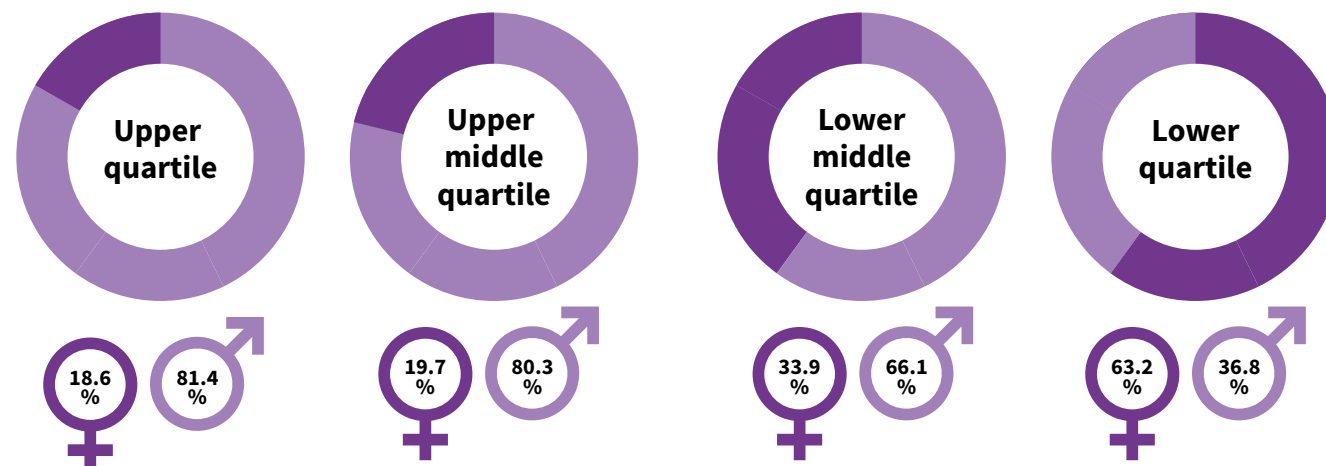
The number of engineering graduates in the UK last year that were female was just 14%. Our Graduate scheme averaged a 20% female intake across various technical disciplines between 2012 and 2016, which is encouraging, but is still not as high as we would like.

Fewer women in senior roles

As colleagues in technical roles have advanced their careers at LR, we have seen a greater number of men being promoted into more senior positions.

This has also influenced our gender pay gap, as senior roles come with larger salaries. That doesn't mean there's a lack of career opportunities for women at LR, in fact, 25% of our Executive Leadership Team are women. However, we understand that there is much more we could, and should do, to ensure that all colleagues, regardless of gender, background or beliefs, can develop rewarding careers at LR.

The distribution of LR colleagues by pay quartile:



The number of engineering graduates in the UK last year that were female was just



14%

Closing the gap

We aim to provide all colleagues at LR with fulfilling and rewarding careers, and to make sure we always find the right person with the right skills for the job. We also understand and appreciate the benefits of a diverse workforce, at all levels of the organisation, right across the globe.

However, preparing our report for this year has highlighted that there is clearly much more that we could do to nurture diversity across our business, especially within our leadership teams.

Our historical data indicates that we are moving in the right direction to address the gender pay gap at LR, but diversity is about much more than gender. We want LR to be an inclusive place to work, where everyone, regardless of gender, background or beliefs, can make a difference, give their best and succeed.

There are individuals across LR that have a passion for inspiring the next generation and are heavily involved in promoting STEM related activities in their local communities. There are also a number of targeted recruitment drives that we have led, and campaigns that we support, such as [International Women in Engineering](#) and

the newly formed [Women in Maritime Task Force](#). We aim to build on the success of these initiatives by pulling them together into a co-ordinated plan and providing dedicated focus to our efforts and drive real and sustainable impact.

The Lloyd's Register Foundation also gives us a unique opportunity to inspire the next generation of engineers by encouraging young people – girls and boys alike, into STEM subjects. The Foundation has a specific focus on STEM education for disadvantaged or underrepresented communities outside the UK and recently funded a mobile learning unit which provided an engaging and inspiring science curriculum for around 3500 children in disadvantaged regions in Turkey.

The gender pay gap in engineering and technology companies has developed as a result of decades of more men being attracted to STEM related education and careers. We won't address the balance overnight, but we are absolutely committed to taking action that drives continuous improvement in diversity and inclusion within LR, across the world.



About this report

This report provides a straightforward and transparent view of our gender pay gap, and we asked PwC to validate our calculations.

As part of their review, they analysed the demographic make-up of our data and confirmed that our gap is indeed primarily driven by the distribution of men and women across grades, with more men in higher paid jobs and more women in lower paid jobs. This is common in engineering and technical businesses not just in the UK, but across the world.

LR is committed to paying women and men equally for equal work. I confirm that the information provided in this report is correct and in line with mandatory requirements.

Companies with more than 250 UK employees must have published their gender pay gap report by 4 April 2018.

You can find out more on the [GOV.UK](https://www.gov.uk) website.

**This report provides
a straightforward and
transparent view of
our gender pay gap**



A handwritten signature in black ink, appearing to read 'RD' followed by a long, horizontal, wavy line.

Richard Drury

Group HR Director

Appendix

Source: PwC

Lloyd's Register EMEA

Hourly pay gap		Hourly pay quartiles	Male	Female
Mean hourly pay gap	30.3%	Upper (highest paid)	94.6%	5.4%
		Upper middle	84.3%	15.7%
		Lower middle	83.1%	16.9%
Median hourly pay gap	33.5%	Lower (lowest paid)	43.7%	56.3%
Bonus pay gap		Proportion of employees who received bonus pay		
Mean bonus pay gap	- 48.9%	Male	0.4%	
Median bonus pay gap	- 48.9%	Female	0.6%	

Lloyd's Register Group Services Limited

Hourly pay gap		Hourly pay quartiles	Male	Female
Mean hourly pay gap	30.5%	Upper (highest paid)	72.5%	27.5%
		Upper middle	56.2%	43.8%
		Lower middle	46.1%	53.9%
Median hourly pay gap	32.4%	Lower (lowest paid)	37.6%	62.4%
Bonus pay gap		Proportion of employees who received bonus pay		
Mean bonus pay gap	63.8%	Male	6.4%	
Median bonus pay gap	39.6%	Female	4.6%	

Lloyd's Register Quality Assurance Limited

Hourly pay gap		Hourly pay quartiles	Male	Female
Mean hourly pay gap	27.0%	Upper (highest paid)	78.7%	21.3%
		Upper middle	83.3%	16.7%
		Lower middle	58.4%	41.6%
Median hourly pay gap	34.0%	Lower (lowest paid)	28.9%	71.1%
Bonus pay gap		Proportion of employees who received bonus pay		
Mean bonus pay gap	- 4.3%	Male	2.1%	
Median bonus pay gap	0.0%	Female	1.7%	

Senenergy Resources Limited

Hourly pay gap		Hourly pay quartiles	Male	Female
Mean hourly pay gap	35.5%	Upper (highest paid)	86.2%	13.8%
		Upper middle	80.6%	19.4%
		Lower middle	69.8%	30.2%
Median hourly pay gap	34.0%	Lower (lowest paid)	43.1%	56.9%
Bonus pay gap		Proportion of employees who received bonus pay		
Mean bonus pay gap	n/a	Male	0.0%	
Median bonus pay gap	n/a	Female	0.0%	