

LUBRIZOL LIMITED

UK GENDER PAY GAP REPORT 2018



At Lubrizon, diversity and inclusion is an integral part of who we are as a company, how we operate and how we see our future. We believe that a diverse, inclusive and culturally connected organisation delivers growth and success for our global customers, business partners, product end users and communities we serve. To find out more, please visit www.lubrizon.com



Lubrizon in the UK aims to ensure that people are treated equally at work, across all levels and locations. This includes making sure they have the same opportunities for recognition, reward and career development. We follow vigorous processes to ensure that all employees who perform in the same or equivalent jobs are paid equally (Equal Pay). Our long-standing compensation practices have achieved that goal. We share with you here a recently completed study, as required by UK law, designed to highlight the average pay differentials between the genders. This new study shows that there is a gap between the overall average pay of female and male employees (Gender Pay Gap).

Many of our roles in the UK require technical, engineering and manufacturing education and experience. Currently in the UK the percentage of women graduating in STEM (Science, Technology, Engineering, Maths) subjects is 24%. This national shortfall is even more evident in the STEM sub-categories of Engineering and Technology where the percentage of female graduates is just 14%. There is a limited availability of female STEM talent in the UK that impacts the availability of female job applicants and correspondingly impacts the number of female employees hired by our organisation.

These figures provide the opportunity to reflect on our progress and to focus on making an improvement. We will explore opportunities and continue to work hard to ensure that all our people have the chance to realise their full potential.

Simon Griffiths,
UK Director



What is the gender pay gap and how is it different from equal pay?

The gender pay gap is the difference in the average pay of all men and all women across an organisation, regardless of the nature of their work or seniority. It differs from equal pay which is a direct comparison of the pay of two people, or groups of people carrying out the same or equivalent work.

Lubrizon in the UK is committed to providing equal pay for equal work because we believe it's the right thing to do. We use objective job evaluation methodology to ensure that jobs are properly valued. We regularly review our pay practices to ensure that no inequities creep into the pay of men and women in the same roles.



'Much of our engagement in our local communities is designed to attract and engage young people, including young females, to think about careers in science and engineering.'

Why the equal pay and the gender pay gap are not the same:



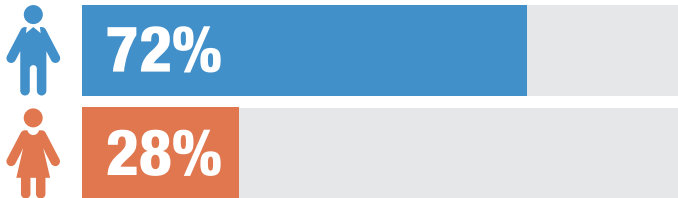
Equal Pay Comparison
Men and women are paid the same for like work



The Gender Pay Gap
The difference between the gross hourly earnings for both men and women across an organisation

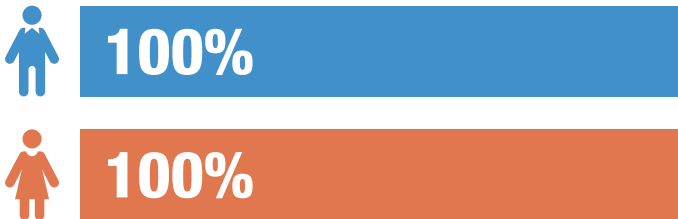
Nationally, one of the main reasons for the gender pay gap is that more men are likely to hold senior positions

Our results



The proportion of men and women in our workforce is 72% male and 28% female

Proportion of employees receiving a bonus:



100% male and female

Understanding the gap

Proportionate to our overall gender split, there are more women than men in our lower paid roles, but fewer in our higher paid ones. This is the chief reason for our gender pay gap.

Proportion of employees in each quartile band

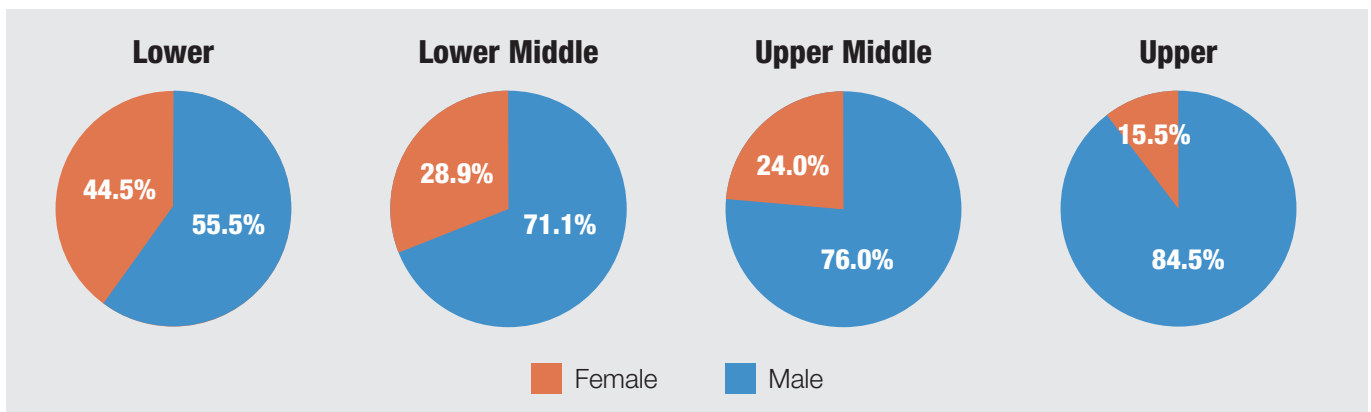
We have split our staff into quartiles, based on hourly rates:

Mean and median pay and bonus gap:

	Mean	Median
Gender Pay Gap	23.2%	23.6%
Gender Bonus Gap	43.3%	17%

What's included in our calculations?

All of our calculations are based on a snapshot of 5th April 2018. Pay includes shift pay but not overtime or non-cash benefits.



Making a difference

We recognise that improvements can be made. We are committed in our focus of being accessible to new female recruits and encourage our women internally to aspire to more senior roles. Changes have already been made to embrace flexible working, giving staff in many roles the opportunity to better balance work and life commitments. Only one quarter of our staff are women and in a business like ours, with very low staff turnover, any change happens slowly, but we remain committed to creating greater equality.

When recruiting, either externally or internally, our focus is on picking the best person for the job and we use structured and unbiased tools to help us achieve this. Our recruiting managers are trained to ensure the proper use of these tools.

We have generous maternity, paternity, adoptive and parental leave policies designed to support employees with families. In 2018 we rolled out LIFE – Lubrizol Integrated Flexible Environment – an initiative to enable our people to work more flexibly to improve work / life balance – including flexitime, condensed working hours, job sharing and an enhanced opportunity to work from home. Since the roll-out over 30 staff have taken advantage of a regular change to their working pattern and many more use the policy to work flexibly on a more informal basis. As with our other initiatives this isn't restricted solely to our female staff but rather recognises that we can take steps to make our working environment more inclusive and remove barriers to progression for all. We run a variety of well-attended development programmes to help staff identify whether a move into leadership is one they wish to pursue and to support the development of staff who've moved into these roles. Our Aspiring Leaders Programme is open to women and men at all levels and helps all our people prepare for career development throughout supervisory, management and leadership positions in Lubrizol.

Much of our engagement in our local communities is designed to attract and engage young people, female and male, to think about careers in science and engineering. We know this will take time to make a difference and we're committed to these activities for the long-term.

Our key initiatives to tackle the gap include:

- Collaborate with local communities to attract and engage young people to think about careers in science and technology
- Use structured recruiting processes and tools to minimise gender bias
- Use objective job evaluation methodologies to ensure jobs are properly valued
- Review talent development processes regularly to minimise gender bias in compensation, recognition and career development
- Provide open-access coaching in career development
- Offer flexible work hours and generous maternity, paternity, adoptive and parental leave policies to better balance work and life commitments
- Encourage peer support group for aspiring leaders

Conclusion



'Our investment in the future, through STEM and educational programmes, inspiring the next generation of engineers and scientists, both female and male to join our business is matched with our commitment toward providing a workplace that champions equality and fairness for many years to come.'

*Sam Bradbury
UK HR Manager*