



2021 Gender Pay Gap Report

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What is the Gender Pay Gap Report?

Employers with 250 or more employees are legally required to publish, on an annual basis, certain information relating to their gender pay gap. This statement sets out the relevant information for Darchem Engineering Limited, for the snapshot date of 5th April 2021. This information has been calculated in accordance with the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. This involves carrying out calculations that show the difference between the average earnings of men and women.

The gender pay gap is a snapshot of the difference between the average hourly pay between men and women expressed as a percentage irrespective of their roles or level in the organisation. The gender pay gap is different from equal pay; equal pay is concerned with pay differences between men and women who carry out the same jobs, similar jobs or work of equal value.

Nationally, the gender pay gap has persisted for many years and the size of the gap varies between the private, public and voluntary sectors, by different types of businesses/services and by other factors. The Government has introduced these new reporting requirements to try and improve the rate of progress in closing this pay gap. There are many factors which contribute to, or cause, a gender pay gap, and these will vary between different employers. Some relate to wider society, such as the type of career choices men and women have typically tended to make, and some may be specific to the particular organisation. We have set out in this statement the main factors we consider are contributing to our gender pay gap.

Impact from Covid-19

The Office for National Statistics reported that the gender pay gap widened slightly from 14.9% in 2020 to 15.4% in 2021. It is understood that the increase is due to the impact of employees being furloughed; in 2020, more men than women were furloughed and experienced reduced pay. This could be the reason to why the gender pay gap in 2020 shrank by the largest amount ever recorded. The reverse then occurred in 2021. Although fewer people were furloughed overall, more were women, so the gap expanded again.

Darchem Engineering's Strategy

Darchem Engineering's pay arrangements aim to fairly reward staff contribution and performance, taking into account economic/financial considerations, organisational and individual performance and the pay rates of similar roles in the wider economy.

At 5th April 2021, the workforce consisted of 680 relevant employees, with 612 (90%) male employees and 68 (10%) female employees. Of this 680 relevant employees, 613 employees are considered full pay, relevant employees at the snapshot date of 5th April 2021, split between 551 (89.88%) male employees and 62 (10.11%) female employees.

The workforce is made up of employees across 2 UK locations and includes a small number of operatives based at one of our customer sites, also based in the UK.

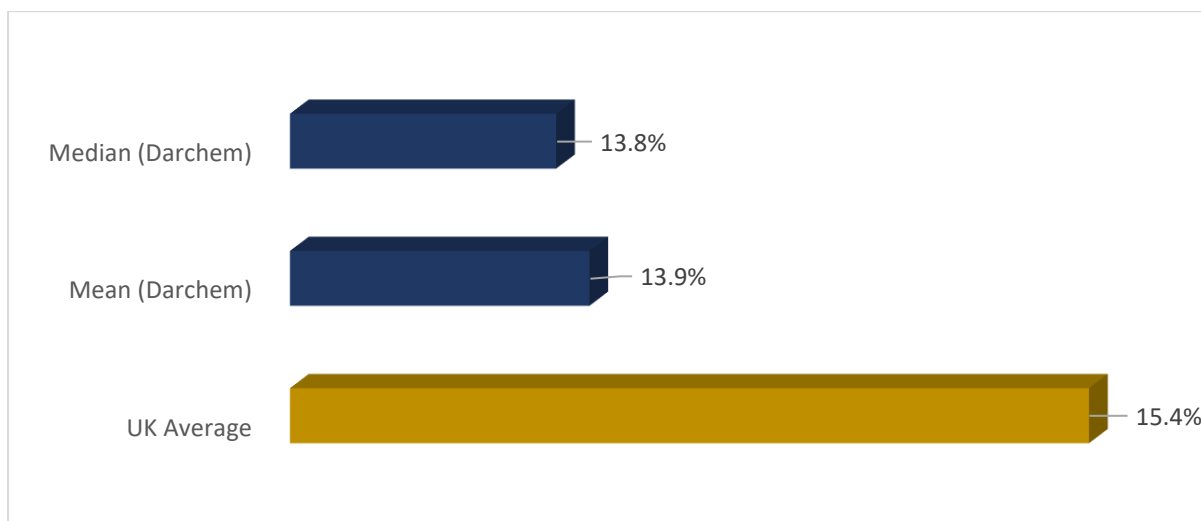
Gender Pay Gap

The six measures to report are:

| | |
|---|-------------------------------------|
| 1. percentage of men and women in each hourly pay quarter | As illustrated in the graphs below. |
| 2. mean (average) gender pay gap using hourly pay | 13.9% |
| 3. median gender pay gap using hourly pay | 13.8% |
| 4. percentage of men and women receiving bonus pay | Men -6.7% Female – 6.5% |
| 5. mean (average) gender pay gap using bonus pay | 95.1% |
| 6. median gender pay gap using bonus pay | 96.4% |

Our gender pay gap is below the UK pay gap of 15.4% (*Office for National Statistics, reported in 2021*)

Both the Median and Mean gap have increased in 2021 compared to what was reported in 2020. The Median has increased from 4.2% to 13.8%. The Mean gap has increased from 7.1% to 13.9%.



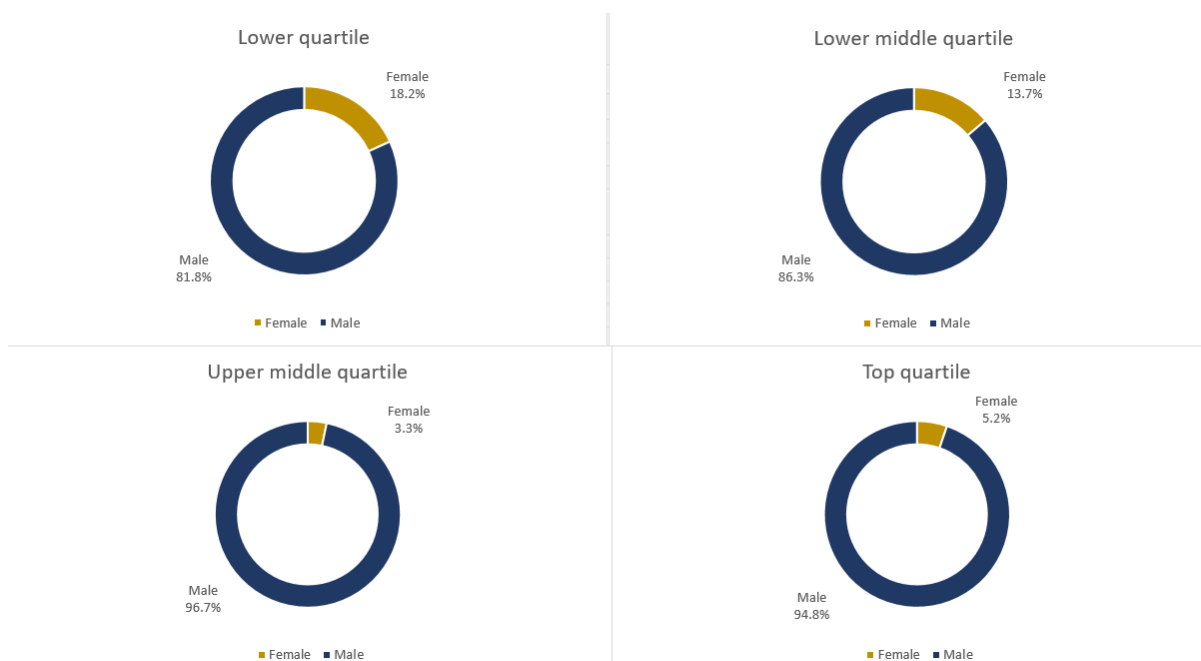
Gender Bonus Gap

| Mean | Median |
|-------|--------|
| 95.1% | 96.4% |

The proportion of males receiving a bonus in the relevant bonus period is 6.7% and the proportion of females receiving a bonus is 6.5% (earned in the 12 months preceding 5th April 2021)

Pay Quartiles

Quartiles represent the distribution of men and women in four equal groups from lowest to highest pay. The proportion of men and women falling into each quartile is shown below:



Our Gender Pay Gap Results

Our analysis of our gender pay gap shows that it is largely driven by the fact that there are more men in higher paid roles within the business, and this has been a recognised trend of reporting the gender pay gap results over the previous years.

The Gender Pay Gap Report is however influenced primarily by the distribution and make up of its workforce which is reflective of the gender mix in engineering and technical positions within the UK, particularly in the industries which the company operates, covering Aerospace, Nuclear (construction/new build), Oil & Gas, Naval/Marine, Defence and Automotive/Off-highway. Technical skills cover for example, engineering, welding and specialist metal fabrications.

When looking at our pay gap, it is also driven primarily by the following factors:

- Reflecting on the gender pay gap report dated 2020, the results were reported as lower than previous years. The gender pay gap report dated 2021 shows a significant increase, returning to similar levels reported prior to 2020. This is understood to be because for the period considered for the 2020 gender pay gap, a number of employees were placed on furlough from 14th April 2020 as a result of the impact of COVID-19 on the workload available. For the purpose of gender pay gap reporting, this included our monthly paid employees but not our weekly paid employees. At the time of the 2020 report it was reported that we employed a higher proportion of females on our monthly payroll than our weekly payroll, therefore the figures were impacted on our gender pay report for 2020 (whereby a higher proportion of females were not considered as 'full pay, relevant employees' compared to male employees).
- The company operates across a range of industries with employees undertaking work at customer locations in the UK where employees are paid in accordance with applicable National Union Agreements e.g. UK construction sites. The national agreements typically provide for higher rates of pay than those set under the local agreement, with more men than women either being willing or qualified to undertake the work involved.
- Employees who are required to install products worldwide receive an uplift on the day rate when carrying out such work, which generally attracts a higher premium rate and additional pay allowances/enhancements for working away from their normal place of work. More men than women are qualified to undertake this work currently, which also contributes towards the pay gap.
- Shift workers receive an uplift on the day rate of between 20% and 33%, depending on which shift they work. A higher percentage of men receive a shift allowance compared to women which is primarily due to the type of role they undertake, which also contributes towards the pay gap.
- The number of part time opportunities at the Company are filled mainly by women.

Addressing the Gap

The actions we have taken include, for example:

We encourage females to join our apprenticeship programme and encourage development through to Engineering and Management positions.

We encourage applications from females into engineering roles through our work with local schools and colleges.

56% The workforce falls under a pay grading structure which is collectively agreed with trade unions.

This means men and women are paid the same hourly rate for the same or equivalent level job.

We value our employees and the contribution they make, providing internal development opportunities through relevant upskilling programmes. Many employees have been rewarded with an increase in pay and receive a one-off bonus payment for their achievement in line with the grading structure. We also regularly sponsor higher education qualifications for our employees.

We are confident that men and women are paid equally for doing equivalent jobs, however the actions we will continue to take include, for example:

- We will review pay and/or bonus procedures and practices to ensure they are applied fairly and equitably
- Monitoring the outcomes of management decisions in relation to pay and/or bonus to ensure no gender, or other bias, is occurring

We are committed to reducing/closing our pay gaps, as reported above.



Signature: _____

Andy Scott – Head of HR



Signature: _____

Richard Betts - President