Gender Pay Gap Report: 2018
Emerson Process Management Ltd
Why Gender Balance Is Important to Emerson

Emerson Process Management Ltd in the UK is required by the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017 to publish statutory calculations every year showing the difference in average pay (the “gender pay gap”) between our male and female employees employed within our legal employing entity in the UK that meets the threshold for this reporting.

We welcome the UK Government’s requirement for large organisations to be more transparent. This report is our second consecutive annual report and sets out our gender pay gap figures for 2018. This process is focusing us to ask the difficult questions on why a pay gap exists, what we can learn from this information, and how we can positively influence and hopefully reduce the gap. We are committed to ensuring all our employees have an equal opportunity to develop, progress and succeed within Emerson.

It is important to recognise that gender pay is different to equal pay. Equal pay is the concept and legal requirement that employers must pay men and women equally for doing the same work. An organisation like Emerson can be providing equal pay, and still have a gender pay gap. At Emerson, we pay all men and women equally who are doing the same work across our organisation. Women can and should have better representation at all levels within Emerson and in the industry as a whole. We are working to better tailor our initiatives and approaches to recruitment, development and retention of female talent for the technical, professional and leadership roles at our company to achieve these goals. We pledge to work harder as a business – and as part of the wider industry – to ensure this happens.

Emerson is committed to fostering a workplace culture where every employee is valued and respected for their experiences and perspectives. We believe a diverse and inclusive work environment contributes to the rich exchange of ideas that inspires innovation and brings the best solutions to our customers. This philosophy is at the very heart of our ‘One Emerson’ values.

We are proud to employ an increasingly more diverse group of men and women, who are challenging both industry stereotypes and Emerson to become better daily. These employees are an inspiration for us. Creating a more diverse and inclusive workplace is simply the right thing to do and must be an integral part of our management approach.
About Our Report

Emerson’s gender pay gap report provides a snapshot of our data on 5 April 2018. At this time our total workforce for our employing entities in the UK that met the threshold for this reporting consisted of 446 men and 101 women, meaning we employ around four times as many men as we do women – a circumstance that is not unusual in the industrial sectors in which we operate, including the oil and gas industry.

Emerson has several other employing Companies (entities) in the UK that do not meet the threshold for reporting (250 employees or more). Thus, the data provided within this analysis only includes employees who are employed within Emerson Process Management Ltd. Our diversity and inclusion policies, however, apply across all the UK Emerson businesses, regardless of their business segment, size or location.

Emerson Gender Pay Data - 2018

- Mean hourly gender pay gap = 27.6% (women lower)
- Median hourly gender pay gap = 30.2% (women lower)
- Mean bonus gender pay gap = 43% (women lower)
- Median bonus gender pay gap = 18% (women lower)

Gender proportion of employees in each pay quartile - 2018

<table>
<thead>
<tr>
<th>Quartile</th>
<th>Male %</th>
<th>Female %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Quartile (Highest Paid)</td>
<td>94.89%</td>
<td>5.11%</td>
</tr>
<tr>
<td>Upper Middle Quartile</td>
<td>90.51%</td>
<td>9.49%</td>
</tr>
<tr>
<td>Lower Middle Quartile</td>
<td>82.48%</td>
<td>17.52%</td>
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<tr>
<td>Lower Quartile (Lowest Paid)</td>
<td>58.09%</td>
<td>41.91%</td>
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Emerson Gender Pay Gap

The analysis of our 2018 figures versus our 2017 figures show a reduction of 3.1% in our pay gap on mean pay. The mean pay for men is 27.6% higher than that of women. This is a step in the right direction when compared to our 2017 figures.

The median pay for men is 30.2% higher than that of women. This is a reduction of 2.7% and an improvement on our 2017 figures.

The mean bonus pay for men is 43% higher than that of women and the median bonus pay for men is 18% higher than that of women.

The median bonus pay has seen a reduction of 25% when compared to our 2017 figures, which is good news.

While we are pleased to see the figures have improved since our previous report, the issue needs our continued attention and action.

Emerson Process Management Ltd Pay Gap Trends

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Change YoY</th>
<th>Median</th>
<th>Change YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender Hourly Pay Gap</td>
<td>2018: 27.6% (women lower)</td>
<td>3.1% decrease</td>
<td>30.2% (women lower)</td>
<td>2.7% decrease</td>
</tr>
<tr>
<td></td>
<td>2017: 30.7% (women lower)</td>
<td></td>
<td>32.9% (women lower)</td>
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<tr>
<td>Gender Bonus Gap</td>
<td>2018: 43% (women lower)</td>
<td>3% increase</td>
<td>18% (women lower)</td>
<td>25% decrease</td>
</tr>
<tr>
<td></td>
<td>2017: 40% (women lower)</td>
<td></td>
<td>43% (women lower)</td>
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Challenges to Address

We have a gender pay gap because proportionately more men are in engineering and senior management roles that receive higher pay. The same challenges face many other oil and gas engineering companies. This legacy means that there are more men in senior positions, which carry higher salaries, and the men tend to have longer tenures, and therefore increase the overall gender pay gap.

As we noted in our 2017 report, change will take time due to the underrepresentation of women in the labour market who are trained in the science, technology, engineering and math (STEM) disciplines. Emerson employs a large number of individuals with engineering degrees to drive our technology innovation initiatives and to support our customers in the process and discrete manufacturing sectors. According to the Institution of Engineering and Technology (IET)’s 2015 skills survey, only 9% of the engineering and technology workforce and 16% in the UK are female, which creates challenges when trying to increase women engineer hires.

At present, the pipeline of talented engineers falls short of industry demand across both sexes – a gap of around 20,000 annually in the UK alone. This is in part due to a failure to attract more females into STEM and engineering careers at the grass-roots level. As it stands, boys are over three times more likely to study A-level physics than girls, and five times more likely to gain an engineering and technology degree. In order to move forward as an industry, this is an issue that needs to be addressed at the source: primary, secondary and tertiary education.
Our Policy

It is Emerson’s policy to recruit, hire, train, and promote people in all job classifications without regard to race, colour, religion, gender, sexual orientation, gender identity, national origin, disability, age, marital status, or genetic information. It is our policy and our practice that this equal employment opportunity be present in all aspects of employment, including but not limited to compensation, benefits, promotions, transfers, company-sponsored training, tuition assistance, and education.

Action Plan

We have several initiatives underway to support our increased diversity. We continue, for example, with our Unconscious Bias workshops. These are specifically created as part of Emerson’s Action for Diversity & Inclusion™ initiative and this course was globally launched in 2017 and delivered to all Emerson sites at UK management and business leader levels throughout 2018. Further information on the company’s global initiatives in the area can be found in its most recent corporate social responsibility report which be found at www.emerson.com/csr.

Our Commitment

Emerson globally and in the UK has been and remains committed to recruiting and retaining the best talent available for all vacancies. At the same time, we are also seeking to make Emerson a more diverse and inclusive organisation at all levels. Our end goal is to create a culture of inclusion which enables a level playing field of career development opportunities and rewards for men and women.