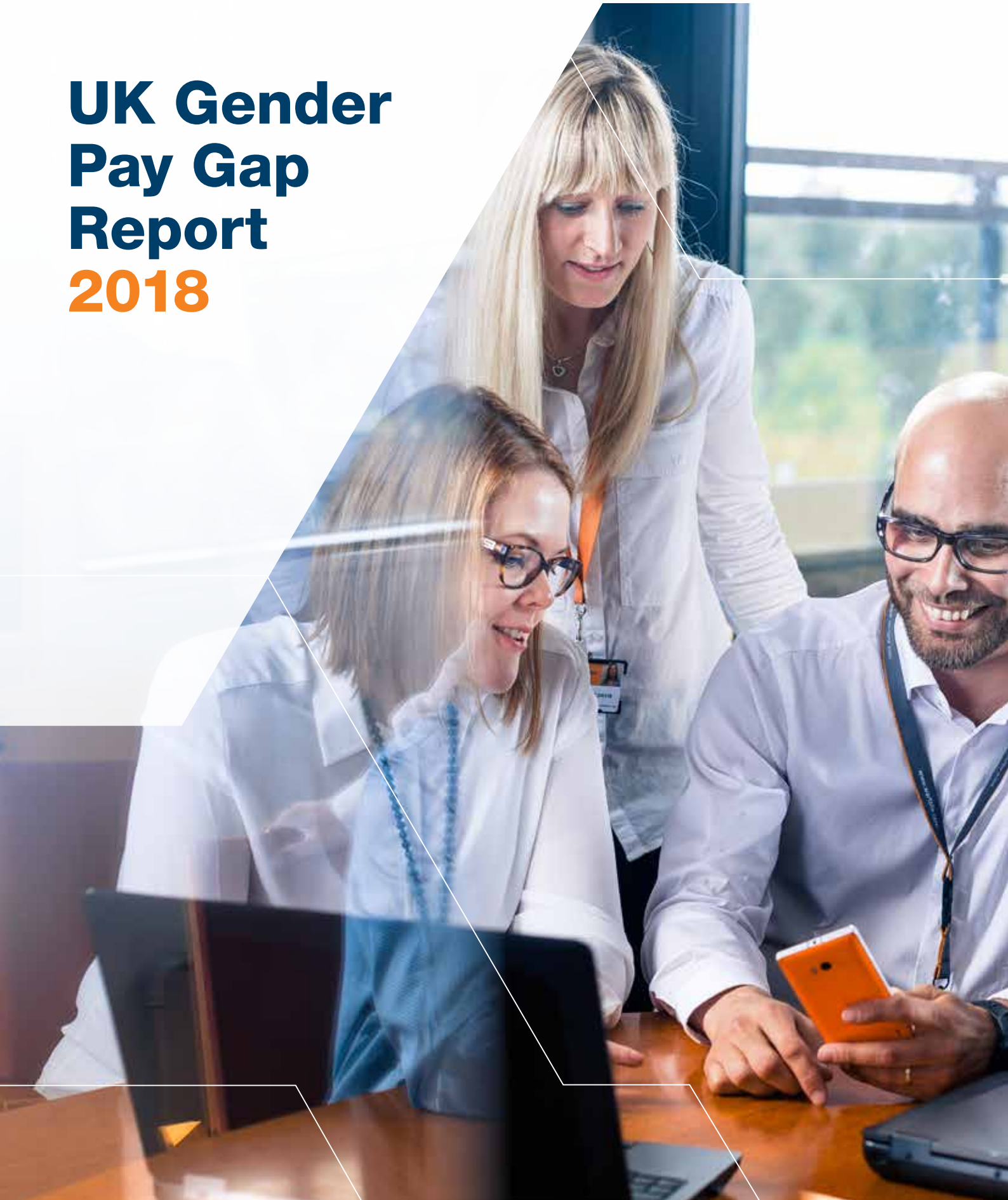


UK Gender Pay Gap Report 2018



UK Gender Pay Gap Report 2018

Wärtsilä is committed to embracing an inclusive and diverse corporate culture where everyone is appreciated regardless of gender, age, sexual orientation, ethnicity, social background or disability. We recognise that diversity is important for many different reasons in today's world.

Globalisation leads to stakeholders representing different nationalities, age, and gender – we want to be able to meet different needs. Also, in an international company we want to encourage and celebrate the diversity among our employees and utilize the advantages this can give. There are already a number of both global and local initiatives underway and many more are planned to support our ethos.

What is gender pay gap?

UK legislation requires all legal entities with over 250 employees to share data on the gender pay gap, which is the difference in average earnings between men and woman. The gender pay gap is different from 'equal

pay'. Equal pay is paying men and women the same amount to do the same job and has been a legal requirement since 1970.

How was this data collected in Wärtsilä UK?

- The data applies to UK entities with over 250 people and covers 19 Wärtsilä locations (including 445 employees' salary data)
- The figures are snapshots of salary data from April 5, 2018 and the preceding 12 months (overall pay + bonus).
- The pay gap is calculated by taking the percentage difference between both the mean and median pay for men and women across salaries and bonus.

What explains the salary gender gap figures in the UK?

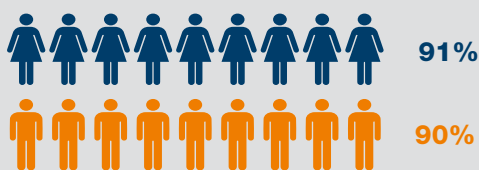
In general, across all employers in the UK, men are paid 17.9% more than women and 8.6% more for full-time staff, based on median gross hourly earnings in April 2018, according to **the Office for National Statistics (ONS)**.

In Wärtsilä specifically, an analysis of our figures indicates that there are two key factors explaining the difference in average pay. First of all, we have a distinct lack of females in senior management roles. Secondly, there is also a lack of females in engineering positions as the majority of females are working in non-technical and/or junior roles. This inevitably effects the mean salaries between males and females in the business. Despite this, in Wärtsilä, if men and women are in the same job they are paid comparatively.

How will the management continue to address the gender pay gap issue?

Wärtsilä promotes freedom from discrimination based on race, ethnic or national origin, colour, gender, family status, sexual orientation, creed, disability, age or political beliefs, or other characteristics protected by law. Wärtsilä fosters equal opportunity and employees are selected

Proportion of employees receiving a bonus (in 12 months preceding 5 April 2018).



Gender Pay Gap in Wärtsilä

	Mean/Average	Median
Hourly pay	26%	21%
Bonus pay	60%	31%

Wärtsilä UK Ltd Gender distribution across 4 equally sized hourly pay quartiles



Lower quartile



Lower middle quartile



Upper middle quartile



Top quartile

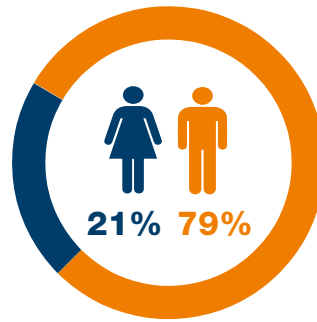
and treated on the basis of their abilities and merits.

Wärtsilä continues to employ fair employment practices and these are in the essence of Wärtsilä's code of conduct. Our Talent Acquisition policies and practices support the actions that encourage the hiring of females in senior & technical roles.

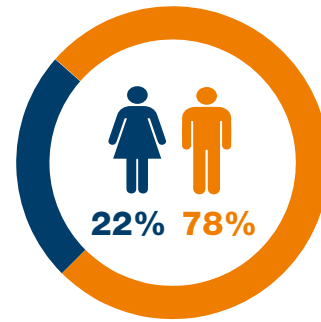
We are committed to bring the rewarding principles into reality. A number of development and harmonisation activities are taking place to ensure that we are following commonly defined principles and that there is a transparency in the compensation differentials. In addition to location/country specific differences, acceptable pay differences are based on position responsibility, demands, employee performance and his/her skillset and competences.

Wärtsilä uses a job grading structure to describe position requirements, scope of responsibilities and impact of the position. A common global framework provides the basis for transparent, fair and equal treatment of employees across the company. This also provides us means to analyse salaries and their competitiveness, internally and externally, in all Wärtsilä countries and entities.

There should be no pay differences based on gender in comparative roles



Employees



Managers

nor recruiting people with too low starting salaries. Salary increases depend on performance, not on gender.

In addition, benefits, such as Management and Staff Bonuses, are applied dependant on the Wärtsilä job grading structure.

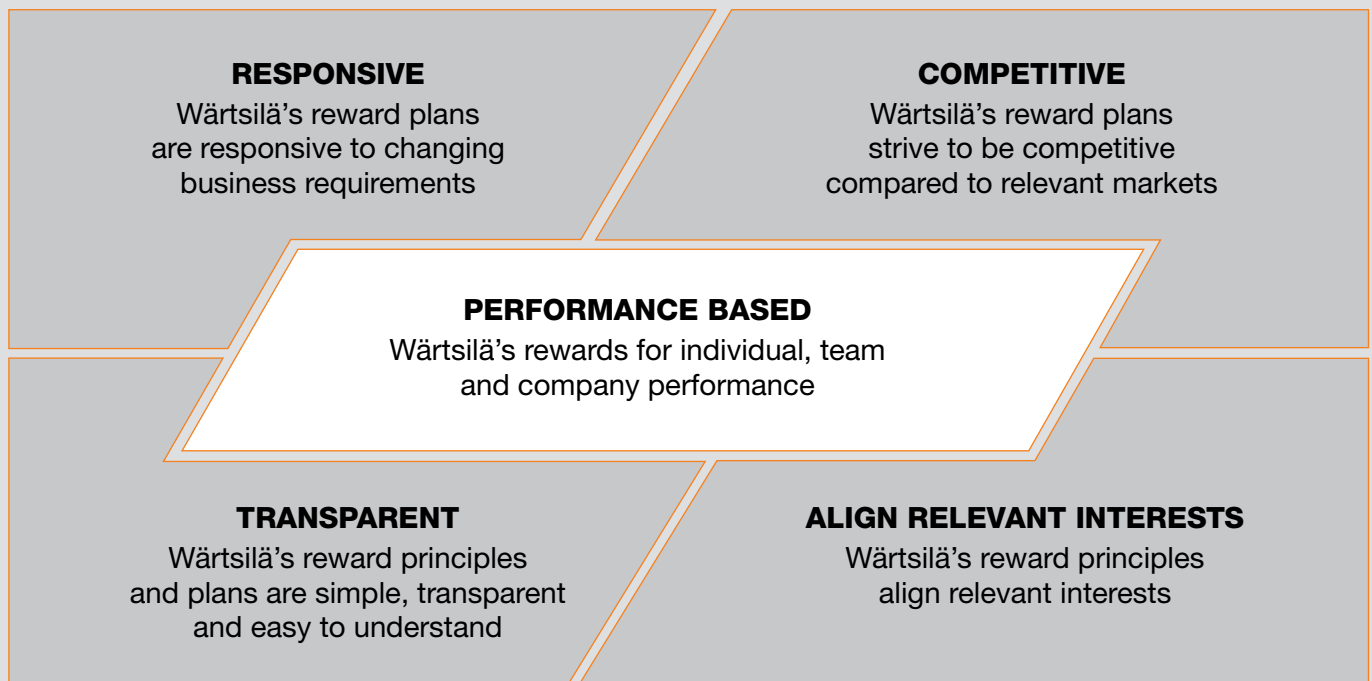
Wärtsilä UK Ltd Statistics

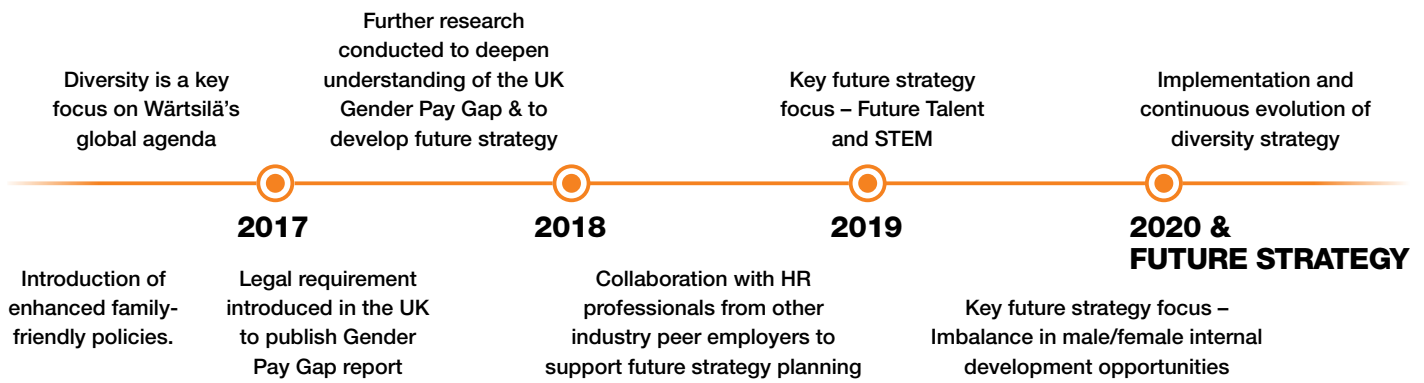
The current situation shows that 21% of Wärtsilä UK Ltd employees are female and 22% of managers in the business are female. We have identified that whilst there is an imbalance in the number of female and male employees overall, we have managed to maintain a representative proportion of female employees in managerial positions. A key focus in Wärtsilä's future strategy for

the UK gender pay gap is to increase the proportion of females in the business and to maintain the ratio of male and female managers.

Since Wärtsilä's global diversity initiative kick-off in 2015 there has been a significant increase in females hires to the Wärtsilä UK Ltd business: 38% of new hires were female in 2016 (up 250% from 2015) and 30% of new hires were females in 2017 (up a further 14% from 2016). In 2018 this trend continued as 30% of new hires were female. A key focus in Wärtsilä's future strategy for the UK is the retention of female employees overall with additional focus on the retention of high potential female employees and those in managerial positions.

Wärtsilä's global rewarding principles are as follows:





What diversity initiatives exist and continue to be developed in Wäertsilä for the UK?

- Wäertsilä has a Global Diversity Forum which consists of a group of voluntary Wäertsilä employees that develop initiatives and arrange different activities and other actions to raise awareness of diversity questions.
- Internal Management Focus training/ re-training on Compensation & Benefits and Recruitment & Resourcing was first introduced in 2015 and is on-going to create awareness among managers on fair practices – specifically in relation to Compensation and Benefits principles and initiating discussions on the importance of fair pay across the business and when performing annual merit reviews.
- Further focus on the recruitment process since 2016 meant that the preferred recruitment supplier was also set the target to increase diversity in recruitment:
 - We are measuring and regularly monitoring the number of female CVs submitted for technical and management roles - those CVs are highlighted to HR when submitted.

- In 2018 20% of permanent placements via the preferred supplier were females, which has increased from 2017 (at 17%) and 2016 (at 15%).
- 2016 saw the first Gender Diversity Conference held in the UK – the aim was to enable the business to get insights and ideas for initiatives, showcase female guest speakers from senior technical roles and industries and create awareness on gender bias.
 - As a result of this conference all family friendly policies were reviewed and Wäertsilä UK Ltd introduced enhanced maternity and shared parental leave policies as part of a pilot scheme. As this has been successful these policies are now being implemented on a permanent basis.
- Wäertsilä global diversity targets were reached in the UK by 2017 (No. of females exceeds 20% and No. of females in management positions exceeds 17%).
- In 2017 Wäertsilä UK Ltd's first female mechanical engineering apprentice was recruited. Since then, a further 2 female apprentices have been recruited and the first female field service engineer was appointed internally.
- On-going annual People Reviews in the business have a focus on identifying high potential females and their personal

and professional development within Wäertsilä.

- To mark International Women's Day in 2018, Wäertsilä in the UK launched its Innovation competition **#PressForProgress** to engage the local business in sharing and supporting innovative ways to drive the gender agenda. Following the Innovation competition, a project team has been created to further support and drive this initiative.

Wäertsilä is committed to actively working to ensure the gender balance is redressed. Diversity and inclusion is at the core of our values and we look forward to continuing to create and support initiative to ensure this happens.

What is Wäertsilä's gender pay gap strategy for the UK?

Developing and implementing an agile and innovative strategy is a key focus for the future and will require a long-term investment to continue to improve Wäertsilä's gender pay in the UK. As the business recognises that there is significantly smaller female talent pool for the industry, the future UK gender pay gap strategy will be targeting STEM (science, technology, engineering and maths) as well as the growth and development of future talent including early education.

I pledge

to embrace **diversity**

to challenge **conscious** and **unconscious** bias within my everyday life

to make decisions that promote a culture of **inclusion** within Wäertsilä

#pressforprogress #IWD2019

wartsila.com/gbr

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