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UK Gender Pay Gap
Report 2018



Introduction

Foreword

Flex is committed to providing a workplace for all of its employees that provides equal employment opportunities and equitable compensation opportunities for all. We recognise the value in having a diverse and inclusive workforce and are committed to improving the diversity of our employees.

We anticipate the gender pay information will prove to be a valuable tool in assessing levels of equality in the workforce, the degree of female and male participation and how effectively talent is being managed, which will help shape our people strategy. We know how important it is that we continue this focus on gender balance in our annual sustainability targets and to promote an inclusive culture in which everyone has equal access to career progression.

Our goal is to have our employees reflect the communities in which we work, based not only on gender, but also other diversity measures. We are confident that this will help us reinforce our effort to address some of the findings of this report.

Company Background

Flex is the Sketch-to-Scale® solutions provider that designs and builds Intelligent Products for a Connected World. Flextronics Global Services (Manchester) Ltd was incorporated in 1986 and now employs over 270 people in the UK.

Our services include;

- End-to-End Supply Chain, Modelling and Logistics Network Optimization
- Advanced Sourcing and Planning
- Repair
- Postponement & Configure to Order (CTO) Manufacturing
- Global Spare Parts Logistics
- Reverse Logistics

Gender Pay Gap Legislation

The UK Government Equalities Office's Gender Pay Gap reporting regulations came into force in April 2017, and employers in the UK with 250 or more relevant employees are now required to publish mandatory information concerning gender pay.

The regulations require employers to publish their overall mean (average) and median gender pay gaps, gender bonus gaps, gender distribution within salary quartiles and bonus received proportion.

The gender pay gap is a measure of the difference between men's and women's average earnings across an organisation irrespective of their role or seniority and is expressed as a percentage of men's earnings. An organisation that has more men in senior roles and more women in junior roles is likely to have a gender pay gap.

It is important to note that gender pay is different to equal pay. Equal pay is defined under the Equal Pay Act as work of equal value, or 'like' work which is the same or broadly similar and extends to the full terms and conditions of employment.

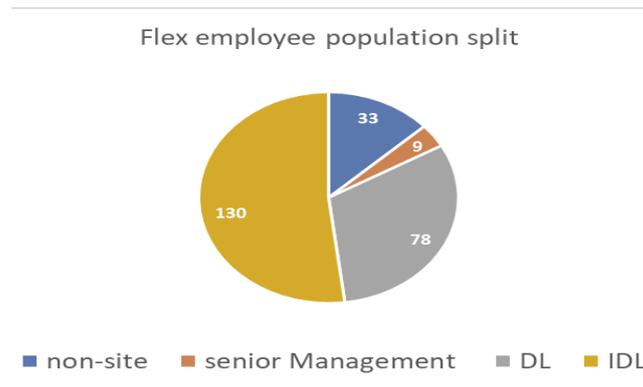
Population

As at the snapshot date (5th April 2018), 250 employees fell into the scope of 'full-pay relevant employees' with respect to the calculation of hourly pay, and 270 employees were in scope for bonus pay calculations.

The difference is due to 20 people being excluded from the hourly pay calculations, as they were not considered as full-pay relevant employees as per the legislation (for example those receiving reduced pay for absence, such as sabbatical, maternity or unpaid leave).

To further understand our structure, we can breakdown further the 250 by splitting them into Non-Site and Site employees.

Non-Site employees are Manchester based but with UK or Global responsibilities.



Hourly Pay Gap

Employee Distribution

This section refers to the population included in the hourly pay gap calculation, referred to as full-pay relevant employees.



Overall gender distribution is 2:1 male to female dominance.

Further breakdown



Hourly Pay – Gender Split by Salary Quartiles



The lower and lower-middle pay quartiles see a larger percentage of males than females. This is increased in the upper-middle and upper pay quartiles.

This is broadly comparable with what has been seen in other organisations and is attributable to the fact that males have historically occupied jobs in the type of industry that we operate within.

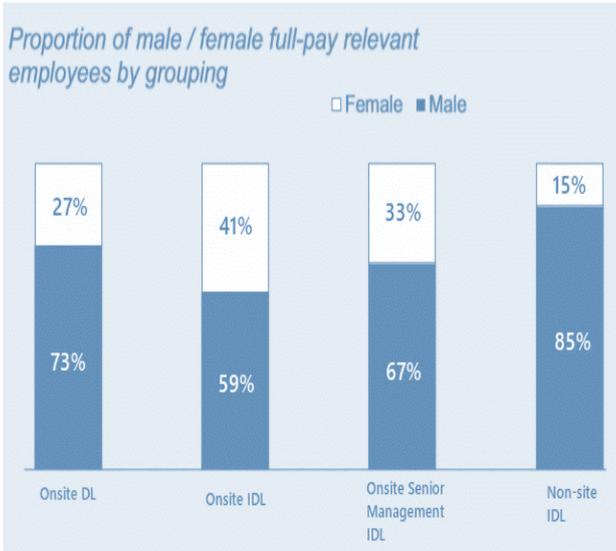
While the overall gender split is 67%:33%, the most senior levels based on the site are exactly in line with this proportional split; male members of the senior management team is 6 (67%) with female members equating to 3 (33%).

When we look at the non-site group there is a big shift:



Gender Distribution of Employees by Grouping

The following chart highlights the distribution of full-pay relevant employee gender across the different career levels within Flextronics Global Services (Manchester) Ltd.



On Site Direct Labour (DL) roles: The proportion of females and males is skewed towards males and this is a reflection of the types of work involved within the warehouse operation.

On Site Indirect Labour (IDL) roles: The split between males and females is more balanced but still with a skew to males and this is a reflection again of the types of work that is carried out in a traditional office environment.

On site Senior Management IDL roles: The Senior Management team consists of 9 members and with a 67:33 percentage split this exactly mirrors the overall employee distribution for Flextronics Global Services (Manchester) Ltd.

Non-Site IDL: with 33 employees in total within this group it is made up almost entirely of males (85%), this group has global responsibility and multiple line management across the globe only registering the site as a base.

Directors: The two legal directors of Flextronics Global Services (Manchester) Ltd are made up of one male and one female, giving an equal gender split.

Gender Pay Information

The chart below shows our mean “Gender Pay Gap”. This is a snapshot of the difference between the average hourly pay levels of all women compared to all men employed in the UK, irrespective of their role or level in the organization.

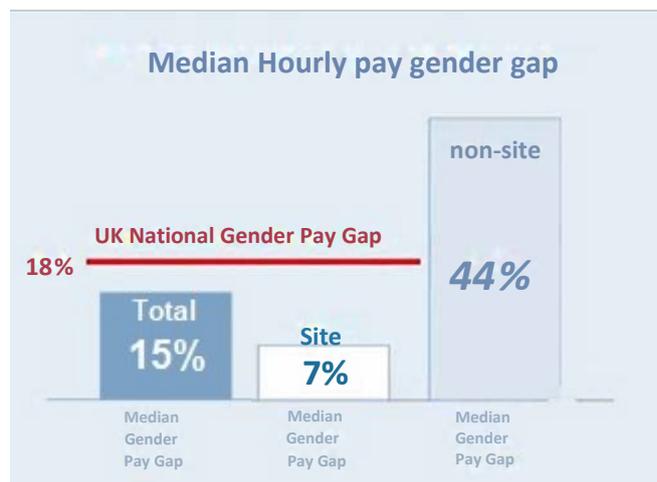


Women’s mean hourly rate for the total business unit is 28% lower than men’s.

This remains static when we separate out the non-site population, however after the separation the site figure is a lot closer at 12%.

The Office of National Statistics reported the UK Median National Gender Pay Gap in 2018 at 18%.

Flextronics Global Services (Manchester) Ltd has a total median gender pay gap of 15% therefore Flex is 3% below the National average.





However, when we split out the non-site and site figures, we see that non-site is at 44% meaning that Women’s median hourly rate is 44% lower than men’s

Conversely after the separation we see that the site Mean gender pay gap sits at 7% meaning that on site women’s median hourly rate is only 7% lower than men’s.

The review of our gender pay data indicates the difference in average pay for non-site is likely to be due to proportionally more men being in the business overall.

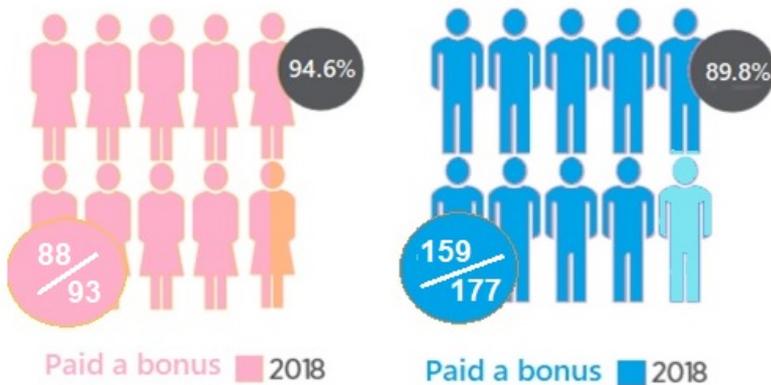
Whereas on site we can see a far closer match in terms of the salary levels for men and women although there are two men for every woman proportionally and both Director and Manager level pay rates appear to be broadly similar regardless of gender.

Flextronics Global Services (Manchester) Ltd uses a structured approach to job analysis and pay to help ensure compensation opportunities are equitable regardless of gender.

Bonus Pay

Employee Distribution & Proportion of all UK employees receiving a bonus

The graphic below shows the overall gender distribution for relevant employees within Flextronics Global Services (Manchester) Ltd.



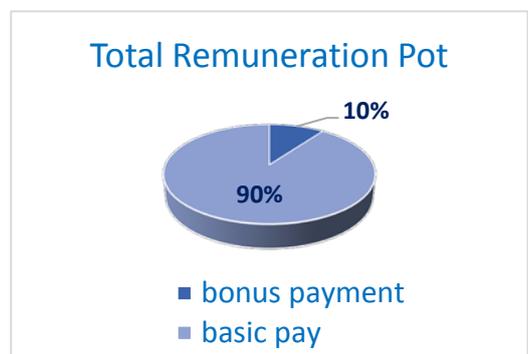
The bonus pay gap takes into account all bonus payments made to employees within the 12-month period preceding the 5th April 2018.

In total 92% of all employees within Flextronics Global Services (Manchester) Ltd. received a bonus payment as did 100% of the women within the non-site population.

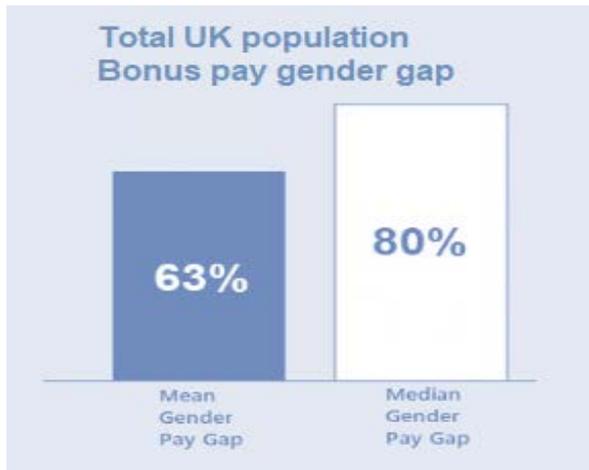
Over 10% of all monies paid out in the 12-month period preceding the 5th April 2018 are attributed to bonus payment in addition to basic pay. Flex has a number of bonus schemes in place which includes the Monthly DL Bonus, Quarterly Bonus Scheme and Quarterly Commission Scheme among others.

The difference in average bonus is likely to be due to proportionally more men being in senior, higher paid roles and may also be a result of a greater proportion of men being present in the higher performing business groups.

The Quarterly Commission Scheme figures seem to indicate there is a greater ability to achieve higher bonus amounts through this scheme with the majority of sales staff being at the mid to high end of bonus payments. Job roles eligible for the Quarterly Commission Scheme are almost exclusively occupied by men.



Gender Pay Information



Our figures show that the mean bonus pay of women within the total UK population is 63% lower than that of men and the median bonus pay of women is 80% lower. However, this changes when we separate out the Non-site and Site populations.

Significantly on-site Women’s mean bonus pay is 31% lower than men’s.

The review of our gender pay data indicates the difference in bonus pay is likely to be due to proportionally more men being in the business overall and in higher level roles. Director and Manager level bonus pay rates appear to be broadly similar regardless of gender.



Conclusions and Commitments

The key conclusions of this report are:

There is a gender pay gap in Flextronics Global Services (Manchester) Ltd business, however, **this gap is lower than the national average** according to the Government gender pay gap reporting website as at 20 March 2018.

This gap is largely driven by the gender distribution of employees, with more female staff in support roles and more males in warehousing, global and senior management roles.

Flextronics Global Services (Manchester) Ltd UK Ltd is committed to putting in place an action plan to address the gender pay gap.

SUMMARY

Statistics on Women in Engineering (January 2018) states that only 11% of the national Engineering workforce is female. At Flextronics Global Services (Manchester) Ltd the proportion of females is higher at around 35% of the workforce, but it is evident there is still much scope for improving gender diversity.

In particular, Flex is focussed on how we can improve the representation of females in more senior roles.