

Evaluating Eaton's UK Gender Pay Gap

Introduction

The Equality Act 2010 (Gender Pay Gap Information) Regulations (2017) requires businesses with more than 250 employees to publish gender pay gap statistics. Gender Pay Gap Reporting looks at the average earnings within a business across all jobs, levels and salaries. Gender pay gap reporting is not about equal pay for men and women doing the same jobs, this has been a legal requirement for many years and Eaton has robust processes in place to ensure equality of pay. It is about making sure companies recognize and understand pay gaps where they exist.

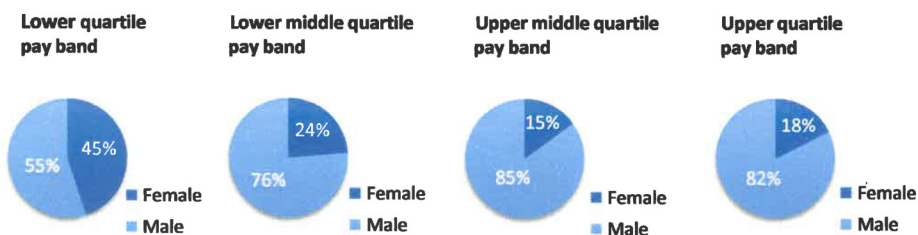
Eaton recognizes and understands its gender pay gap and is committed to reporting annually the actions being taken and the progress being made to reduce the gap. As of 5 April 2018, Eaton had 8 employing legal entities in the UK, 5 of which had more than 250 employees. The results detailed here are the overall results for Eaton's UK businesses (Eaton UK), a full breakdown of the results of the applicable legal entities are shown on page two.

Eaton UK's 2018 gender pay gap

Eaton is a manufacturing company that relies heavily on the high-skilled workers from science, technology, engineering and mathematics (STEM) related fields. As of 2017, only 23 percent of the UK's core STEM workforce is female (Wise Statistics, 2017) and this is reflected in Eaton's gender diversity.

We believe that our gender pay gap is driven by the roles in which men and women work within the organization and the salaries that these roles attract. Currently 61 percent of our female population work as production operatives or in administrative roles. In order to tackle our gender pay gap, we need to increase the number of females in more senior positions in the organization.

Eaton UK pay quartiles by gender can be seen below:



Mean gender pay gap	23.2%	Proportion of employees receiving a bonus	
Median gender pay gap	22.4%		
Mean gender bonus gap*	35.6%		
Median gender bonus gap	-0.6%		
		Female:	30.2%
		Male:	44.9%

* Eaton operates an Executive Incentive Compensation plan for its senior employees and the mean gender bonus gap of 35.6 percent is reflective of the points mentioned above.

Tackling gender diversity at Eaton



At Eaton, we are focused on ensuring that we create and benefit from a strong, talented, diverse workforce at all levels of the organization.

We are committed to promoting career paths for women in engineering at the earliest opportunity in order to develop a strong pipeline of high performing talent. We recognize that in the short term this may increase our gender pay gap, as we recruit more females into entry level roles, but we believe this to be an essential part of our long term strategy. In recent years, a number of actions have been put in place:

- **Local school & college outreach:** Employees from many of our sites connect with local schools, attend career days, host site tours and promote careers in STEM. In 2018 we signed an official STEM partnership with STEM Leaning UK. In the coming years, we will continue with these activities and leverage the opportunities presented by the Apprenticeship Levy.
- **Internships & graduates:** In 2017/18, one third of Eaton's interns were female – a real achievement given that women only represent 15.1 percent of engineering undergraduates in the UK in 2017 and the number studying engineering and physics has remained virtually static since 2012 (WES Statistics, 2018). Eaton ensures female representation at graduate recruitment fairs.
- **Professional engineers:** Eaton advertises experienced engineering roles on relevant websites, such as the Women's Engineering Society (WES) and is part of the Where Women Work network. Eaton also audits gender diversity within its recruitment process.

Eaton understands that achieving a diverse workforce also comes from reinforcing a positive culture of inclusion and the company does this in many ways:

- **Training:** In 2018, "Valuing Inclusion & Diversity" training continued for Eaton's UK leaders to embrace inclusive ways of working that engage and develop employees. This will continue in 2019.
- **Collaboration:** Eaton has created collaborative work groups and the WAVE (Women Adding Value at Eaton) group has funded Personal Impact and Leadership training in the UK, organized presentations from inspirational women, roundtable events and networking opportunities to help all women develop and enhance their careers. International Women's Day was promoted and celebrated across all UK sites in March, with increased activity planned for 2019. In addition, greater focus has been put on gender diversity in Eaton's mentoring program during 2018.
- **Flexible working:** Eaton understands the need for work life balance and in 2018 has rolled out Flexible Working policies across UK sites. In addition, Eaton UK employees have the opportunity to purchase additional holidays.

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Eaton UK's Gender Pay Gap Detailed Results

As of 5 April 2018

Legal Entity	Number of relevant employees in legal entity	Proportion of male and female employees in legal entity (M%/F%)	Mean hourly pay difference between male and female employees (%)	Median hourly pay difference between male and female employees (%)	Mean difference in bonus between male and female employees (%)	Median difference in bonus between male and female employees (%)	Proportion of men/ women receiving bonus pay (M%/F%)	Proportion of men/ women in lower quartile pay band (M%/F%)	Proportion of men/ women in lower middle quartile pay band (M%/F%)	Proportion of men/ women in upper middle quartile pay band (M%/F%)	Proportion of men/ women in upper quartile pay band (M%/F%)
All Eaton UK Businesses	4001	74.7 / 25.3	23.2	22.4	35.6	-0.6	44.9 / 30.2	55 / 45	76 / 24	85 / 15	82 / 18
Eaton Limited	1984	83.4 / 16.6	8.6	4.3	18.8	2.0	61.2 / 60.5	76 / 24	87 / 13	89 / 11	81 / 19
Eaton Electrical Systems Limited	636	57.7 / 42.3	36.9	30.8	60.9	53.3	15.5 / 5.4	28 / 72	53 / 47	64 / 36	86 / 14
Eaton Electric Limited	537	73.9 / 26.1	23.8	39.2	36.6	51.4	44.0 / 29.9	58 / 42	71 / 29	82 / 18	84 / 16
Eaton MEDC Limited	312	78.5 / 21.5	8.6	5.7	11.7	-23.0	9.7 / 4.4	71 / 29	85 / 15	81 / 19	78 / 22
Eaton Electrical Products Limited	272	64.3 / 35.7	30.2	41.2	71.3	71.5	26.3 / 41.0	53 / 47	47 / 53	72 / 28	85 / 15

Statement

We confirm that the information and data provided is accurate and in accordance with mandatory requirements.



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