



# 2017 GENDER PAY GAP REPORT

*Cummins  
in the UK*





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## Cummins in the UK

Diversity and inclusion are an integral part of our core values at Cummins. It is essential to us to ensure everyone at Cummins is treated equally, with dignity and respect. Inclusion is at the heart of everything we do; we recognise the value our differences bring, and that working together as a team we can deliver superior results. By living these values day in and day out, we make Cummins a great place to work, as well as achieving more together.

Our analysis shows we have a gender pay gap in our Cummins UK companies. There are some factors that influence this, including having fewer women in senior management roles and lower proportions of women within engineering roles. At a macro level the proportion of women working in the engineering industry in the UK is very low at 10%, only a quarter of graduates in science, technology, engineering and maths (STEM) subjects are female, impacting the talent pipeline.

We are already working on initiatives to increase the representation of women within the business, and bring greater gender balance into our workforce at all levels. These initiatives will help us to reduce the gender pay gap at Cummins, and some examples include:

- Focusing on gender balance during recruitment
- Inspiring the next generations of engineers with a suite of STEM programmes designed for girls
- Empowering women through the network of Cummins Women's Affinity Groups
- Providing a variety of flexible working arrangements, and enhanced parental benefits

*I take my responsibility as a leader very seriously. My personal history as the son of immigrant parents in France makes diversity and inclusion a life-long belief, and I have enormous commitment to creating an environment that is fair, where we can celebrate and make the most of our differences, so every employee can reach their full potential. We will work hard to narrow our gender pay gap, and I fully support the UK government's drive for gender equality. I acknowledge the data in this report is accurate and complete.*

*Antonio*

**Antonio Leitao**

Vice President – Cummins Europe Area Business Organisation



## OUR CORE VALUES

### INTEGRITY

*Doing what you say you will do and doing what is right*

### DIVERSITY & INCLUSION

*Valuing and including our differences in decision making is our competitive advantage*

### CARING

*Demonstrating awareness and consideration for the wellbeing of others*

### EXCELLENCE

*Always delivering superior results*

### TEAMWORK

*Collaborating across teams, functions, businesses and borders to deliver the best work*



# What is the GENDER PAY GAP?



**THE GENDER PAY GAP IS A MEASURE WHICH SHOWS THE DIFFERENCE IN AVERAGE EARNINGS BETWEEN WOMEN AND MEN. THE GENDER PAY GAP IS IMPACTED BY A NUMBER OF FACTORS, INCLUDING THE DISTRIBUTION OF GENDERS AT DIFFERENT LEVELS WITHIN A COMPANY.**



## **GENDER PAY IS NOT THE SAME AS EQUAL PAY**

Equal pay is ensuring that men and women are paid the same amount for the same work. Cummins is committed to equal pay, we apply the same processes and decisions relating to pay and benefits to both men and women.

An organisation can have equal pay and still have a gender pay gap. If there are more men than women in senior roles, but similar numbers of men and women in junior roles then this will result in a gender pay gap, even though both genders are paid the same for the same role.

## **MEAN PAY GAP**

The mean gender pay gap is the difference in the average hourly pay for all women compared to all men.

## **MEDIAN PAY GAP**

The median identifies the middle point of a population. The median pay gap is the gap between the hourly pay rate for a woman at the mid-point, compared to the pay rate of a man at the mid-point.



# Cummins in the UK RESULTS

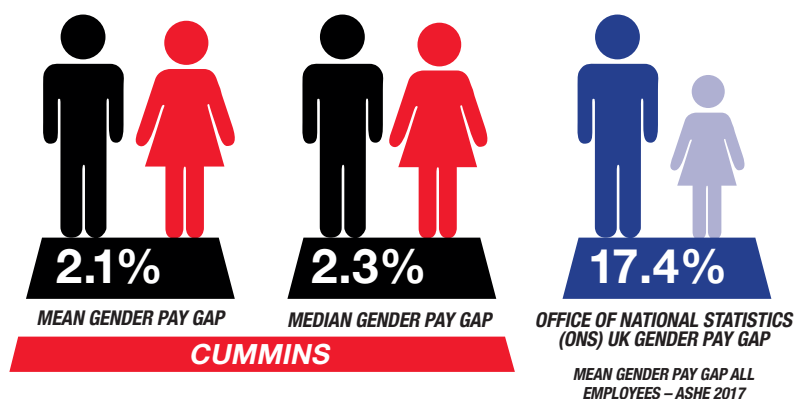


**WHEN LOOKING AT OUR TOTAL UK WORKFORCE, OUR 2017 GENDER PAY GAP RESULT LOOKS LIKE THIS:**

## GENDER PAY GAP

The mean pay for men is **2.1%** higher than that of women. The median pay for men is **2.3%** higher than that of women.

In comparison, the national gender pay gap across all companies in the UK shows the mean pay for men to be **17.4%** higher than that of women.\*

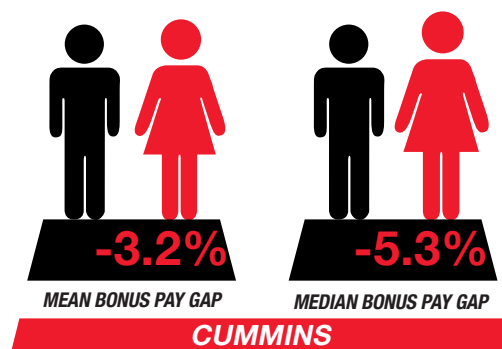


## GENDER BONUS PAY GAP

The mean bonus pay for women is **3.2%** higher than that of men.

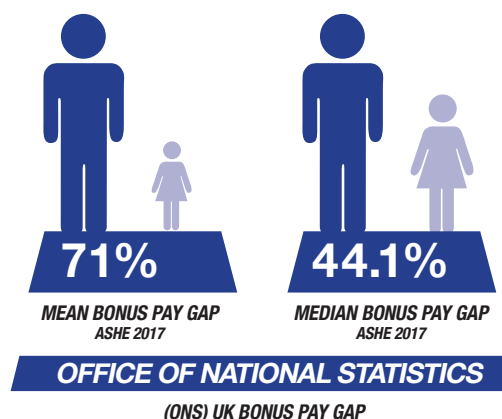
The median bonus pay for women is **5.3%** higher than that of men.

In comparison, the national gender bonus pay gap across all companies in the UK shows the mean bonus pay for men to be **71%** higher than that of women.\*



## PROPORTION OF ALL CUMMINS EMPLOYEES IN THE UK RECEIVING A BONUS\*\*

**Males: 94.9% Females: 97.6%**



## PAY QUARTILES

By dividing the workforce into four equal parts, the quartiles represent the pay rates from the lowest to the highest hourly rates, with the percentage of women and men in each quartile.

\*AS REPORTED BY THE OFFICE OF NATIONAL STATISTICS

\*\*REFER TO PAGE 7 FOR MORE INFORMATION ON EMPLOYEE BONUS

A NEGATIVE SHOWS THAT WOMEN EARN ON AVERAGE MORE THAN MEN

CUMMINS SNAPSHOT DATA TAKEN ON 5TH APRIL 2017

THE RESULTS FOR EACH OF OUR 3 UK ENTITIES CAN BE SEEN ON PAGE 7

QUARTILES	MALES	FEMALES
Upper	82.4%	17.6%
Upper Middle	84.0%	16.0%
Lower Middle	84.3%	15.7%
Lower	78.8%	21.2%

# Our COMMITMENT



To address the gender balance, and increase the proportion of women across the entire business we must continue to maintain an inclusive environment, where everyone can achieve their potential.

We do this by keeping our core value of diversity and inclusion at the heart of what we do. By focusing on this we can achieve so much more.



**“CHARACTER, ABILITY AND INTELLIGENCE ARE NOT CONCENTRATED IN ONE SEX OVER THE OTHER, NOR IN PERSONS WITH CERTAIN ACCENTS, OR IN CERTAIN RACES, OR IN PERSONS HOLDING DEGREES FROM SOME UNIVERSITIES OVER OTHERS. WHEN**

**WE INDULGE OURSELVES IN SUCH IRRATIONAL PREJUDICES, WE DAMAGE OURSELVES MOST OF ALL AND ULTIMATELY ASSURE OURSELVES OF FAILURE IN COMPETITION WITH THOSE MORE OPEN AND LESS BIASED.”**

Former Cummins CEO J. Irwin Miller.

## DIVERSITY MAKES THE DIFFERENCE

Throughout our history, Cummins has made many steps to improve diversity and inclusion across the company. We joined thousands of global companies who have signed the U.N. Women's Empowerment Principles. These seven principles emphasise the business case for promoting gender equality and empowering women.

Cummins launched the “HeForShe” campaign in partnership with U.N. Women in early 2017. “HeForShe” sees gender equality as a human rights issue and stresses the importance of men's involvement in working toward a gender-balanced world. Our sites across the globe are involved, developing events to support the programme.

Cummins leads by example; our Chief Technical Officer and the President of the Components Business are both women, along with many other members of our Board of Directors and Executive leadership. They share their journeys, and inspire and challenge employees to work towards more inclusive environments in Cummins workplaces and communities.

We have Women's Affinity Groups across our sites, helping to encourage and develop women, and work together with male colleagues to address gender issues. Cummins held its first European Women's Conference in Brussels in 2017, where more than 250 male and female leaders from across Europe gathered to talk about how to address key issues such as personal development, and gender balance in the workplace.

In order to improve the talent pipeline of females into technical industries in the UK, Cummins has invested in a number of Science, Technology, Engineering, and Maths (STEM) schemes. Engaging girls and boys in fun activities with technical challenges and problems enables them to gain understanding of what it might be like to one day work in an engineering company. We have worked with Engineering UK to sponsor Big Bang fairs and events across the country hoping to help to inspire the next generation. Cummins also works in partnership with universities to help promote engineering and science, as well as working at Cummins.

Cummins recently announced the Cummins Powers Women Programme, where Cummins has partnered with ROSA Fund in the UK, to provide training, support, and grants to organisations focused on disadvantaged women and girls - working to promote opportunities for all and gender equality. We believe that we can make these positive changes happen together.

**“OUR EMPLOYEES BRING UNIQUE EXPERIENCES, THOUGHTS AND PERSPECTIVES FROM ALL OVER THE WORLD. IT'S WHEN WE HAVE THOSE DIFFERENCES OF THOUGHT, WORKING TOGETHER, THAT WE'RE MOST CREATIVE.”** Executive Director, Global Diversity and Right Environment, Kelley Creveling.



Cummins was named on Ethisphere's 2018 list of the World's Most Ethical Companies for an 11th consecutive year.







## **LISA THORNTON** GENERAL MANAGER

*"I believe that as a leader, I have a responsibility to address Diversity and Inclusion. It's not just a Cummins core value; we have to champion it, and we must live and breathe it. Over the 24 years I have worked at Cummins I have seen the workforce become ever more diverse. Cummins has pioneered diversity, seeing the benefit it brings to everyone. If we were all the same it would not drive a broad range of thoughts and opinions, and ultimately, limit results. We need teams who are positively challenging each other for ideas, enabling us to develop the best solutions for our customers. Through mentoring, training and awareness we can encourage more females, and males, to develop themselves, take up opportunities and achieve their best."*



## **PARIS AMY** TECHNICAL PROJECT LEADER

*"When I was fifteen years old my school ran a Robotics club. I had never really thought about engineering before, but I thought it sounded interesting so I went along. As a group of four students, we built a five foot tall, fully autonomous robot. It was amazing, and I had so much fun – I knew then I wanted to be an engineer. My interest in how things move led me to study Mechanical Engineering at university, and I went on to study for a Master of Science. In the five years I have worked at Cummins I have had many opportunities and I am lucky enough to say I love to come to work. I believe we need to get more girls engaged in STEM activities at a young age. If they can see the joy it can bring, I think this will make the difference."*



## **MELISSA HUANG** COMMUNITY PROJECT LEADER

*"Discover Your Voice is a Cummins programme to give students the confidence and tools to become great public speakers and have the self-assurance to communicate effectively. Cummins Turbo Technologies in Huddersfield worked closely with Batley Girls High School to develop an initiative targeting 16 and 17-year-old girls, to help build their presentation skills. It is about the journey for both students and Cummins employees, in gaining experience in speaking, overcoming nerves and building self-awareness. I am proud to lead this project and see the real difference it makes to young women in the local area. It shows how the Cummins Initiative 'Every Employee Every Community' really works, enabling each employee to volunteer hours to help the local community."*

# Breaking Down the RESULTS BY ENTITY



## STATUTORY DISCLOSURE

The Gender Pay Reporting regulations require legal entities with more than 250 employees to provide entity-specific data. Cummins has three legal entities in the UK, and the following information illustrates the data which is also available on the UK Government Gender Pay Reporting website.

### CUMMINS LTD. AT 5 APRIL 2017 – TOTAL EMPLOYEES 3601

#### \*GENDER PAY GAP

MEAN	MEDIAN
1.4%	1.6%

#### GENDER BONUS GAP

MEAN	MEDIAN
-6.1%	-5.3%

#### PROPORTION OF EMPLOYEES IN EACH PAY QUARTILE

QUARTILES	MALES	FEMALES
Upper	81.9%	18.1%
Upper Middle	83.2%	16.8%
Lower Middle	85.2%	14.8%
Lower	77.9%	22.1%

\*\*\*PROPORTION OF EMPLOYEES RECEIVING A BONUS  
Males: 95.2% Females: 97.5%

### CUMMINS GENERATOR TECHNOLOGIES LTD. AT 5 APRIL 2017 – TOTAL EMPLOYEES 592

#### \*GENDER PAY GAP

MEAN	MEDIAN
0.7%	0.3%

#### GENDER BONUS GAP

MEAN	MEDIAN
0.1%	6.5%

#### PROPORTION OF EMPLOYEES IN EACH PAY QUARTILE

QUARTILES	MALES	FEMALES
Upper	88.0%	12.0%
Upper Middle	85.1%	14.9%
Lower Middle	87.9%	12.1%
Lower	85.8%	14.2%

\*\*\*PROPORTION OF EMPLOYEES RECEIVING A BONUS  
Males: 90.7% Females: 96.2%

### CUMMINS POWER GENERATION LTD. AT 5 APRIL 2017 – TOTAL EMPLOYEES 374

#### \*\*GENDER PAY GAP

MEAN	MEDIAN
11.9%	17.2%

#### GENDER BONUS GAP

MEAN	MEDIAN
16.3%	17.1%

#### PROPORTION OF EMPLOYEES IN EACH PAY QUARTILE

QUARTILES	MALES	FEMALES
Upper	86.0%	14.0%
Upper Middle	80.6%	19.4%
Lower Middle	78.5%	21.5%
Lower	68.5%	31.5%

\*\*\*PROPORTION OF EMPLOYEES RECEIVING A BONUS  
Males: 100% Females: 100%

\*Cummins Ltd. and Cummins Generator Technologies Ltd. both have similar gender pay gaps, and similar headcount profiles. Both entities have large proportions of shop floor roles. 96% of all shop floor employees are male, which has a significant impact on the average pay of male employees.

\*\*Cummins Power Generation Ltd. has a much smaller proportion of shop floor roles, with a larger proportion of managerial roles. 82% of managers are male, which increases the average pay of male employees, and this results in a larger gender pay gap.

\*\*\*Cummins operates a global bonus programme for all employees. The small percentage of employees who did not receive a bonus in 2017 are those who started employment with Cummins on or after 1st January 2017. In order to be eligible for our company bonus, employees must be employed prior to 1st January, as bonus relates to company financial performance for the previous calendar year.

CUMMINS SNAPSHOT DATA TAKEN ON 5TH APRIL 2017