



CPI Gender Pay Gap Report - 2017

At CPI, we are proud of our values driven culture. We value our associates and the contribution they make. Respect for associates and equality are at the heart of our organisation. That includes the way we pay and reward all our associates.

Following legislation in April 2017, the UK government has introduced regulations for gender pay gap reporting for companies in the UK. Every year, companies with more than 250 employees must report the following:

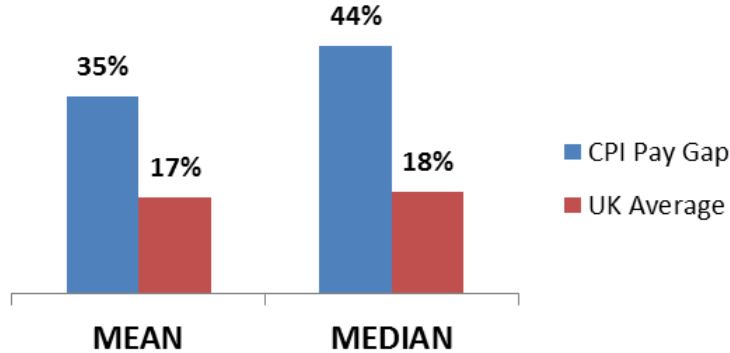
- Mean & Median gender pay gap in hourly pay
- Mean & Median bonus gender pay gap
- Proportion of men and women who receive a bonus
- Distribution of men and women across pay quartiles

It is important to note that this is not the same as Equal Pay. The Equal Pay Act of 1970 deals with pay differences between men and women who carry out like work, work of equal value or work rated as equal. Having reviewed our data, we can confidently say that we pay men and women equally for doing the same role. We have a working environment where there are equal opportunities for all our associates, so they can fulfil their potential and contribute to the success of our business, irrespective of gender.

The gender pay gap shows the difference between the mean (average) and median (mid-point) hourly earnings and bonus of male and female associates, expressed as a percentage of male associate's earnings. Various factors influence the gap such as demographics of the associates and the types of roles men and women undertake. The gender pay reporting is not broken down by experience, job classification or position.

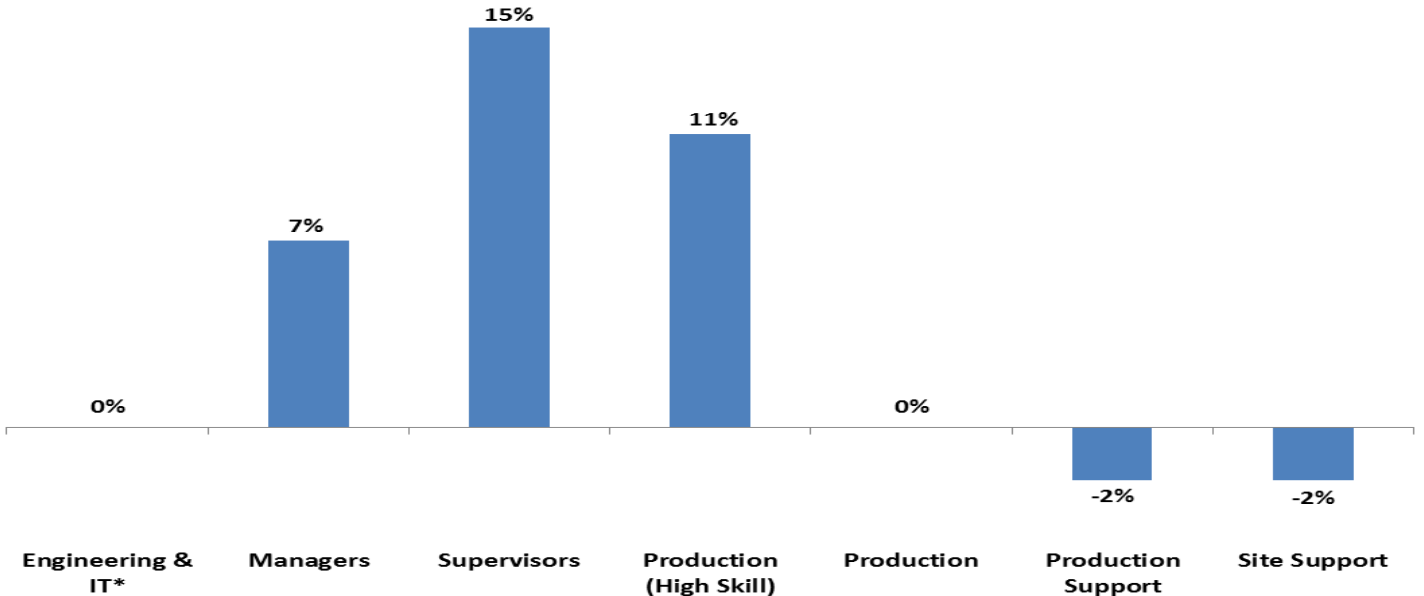
Gender Pay Gap Report

The chart below shows our gender pay gap between male and female associates. Based on the mean average, women's hourly pay is 35% less than men's and 17% less based on the median average. This compares to the UK average of 17% and 18% respectively (*Office for National Statistics*).

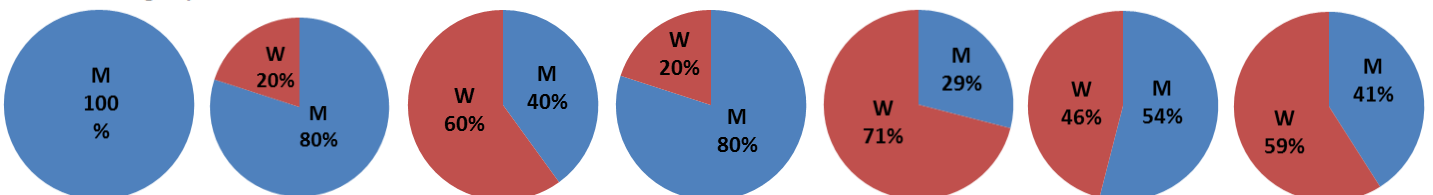


Our data shows a gender pay gap in favour of men. At CPI we have a clear and common approach to pay and compensation. We pay associates equally for the same or equivalent work, regardless of gender, and therefore are confident that the gender pay gap does not stem from paying men and women differently. Rather our gender pay gap is a result of the industry in which we operate and the structural differences in the level and types of jobs.

Pay Gap Analysis and Proportion of Men vs Women in Roles



* Shown as 0% as there are no women in the group

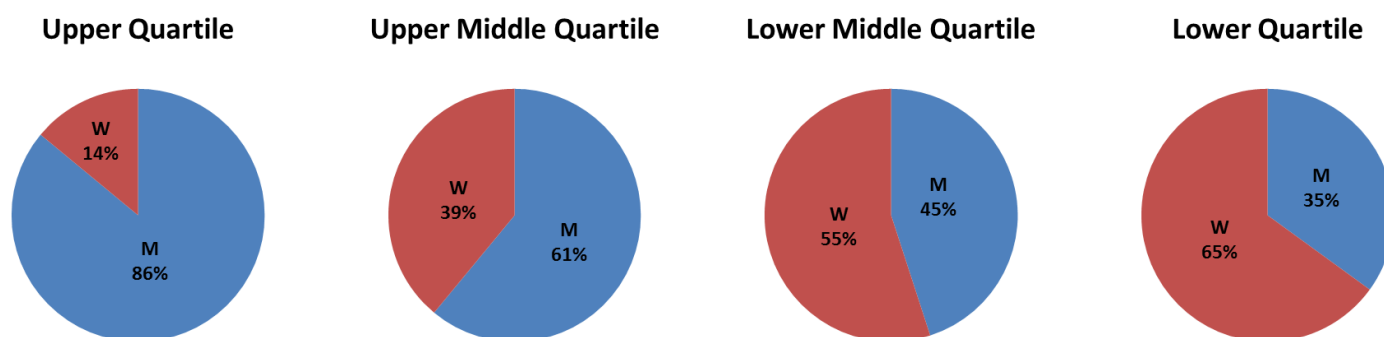


CPI is an engineering and manufacturing company. Many of the above groups have a higher proportion of male associates. This trend is not unusual for companies like ours because we employ associates with qualifications in STEM (science, technology, engineering and math) related fields. The number of women who study and work in these fields is significantly less than the number of men. In 2017, 15% of engineering graduates and less than 10% of engineering professionals were women (*WES research, Jan 2018*).

- Our gender pay gap results are heavily influenced by the under-representation of women in engineering in both new product development and manufacturing.
- While we recognize that we have a larger proportion of men in the managerial ranks, we are proud to say that two of our top leaders at the site are women.
- Within the supervisory ranks the pay gap of 15% is driven primarily by the shift premium and task premium of certain production department supervisory roles that require specific job related skills and are currently held by male associates.
- The same is true for the higher skilled production category where the pay gap of 11% is due to the premium pay of technical roles that require specific job skills as well as additional training and experience. These are currently held by male associates.
- Our production operators are paid equally for the same roles, irrespective of gender.
- We have a balanced representation of men and women with our production support and site support associates. These groups demonstrate a negative gender pay gap due to certain jobs requiring specific work skills in these categories.

Gender Split by Pay Quartile

The Gender Pay Gap results are also impacted by having an imbalance of male and female associates in professional disciplines, which tend to be higher compensated, in comparison to non-professional disciplines which fall within the lower middle and lower pay quartiles.



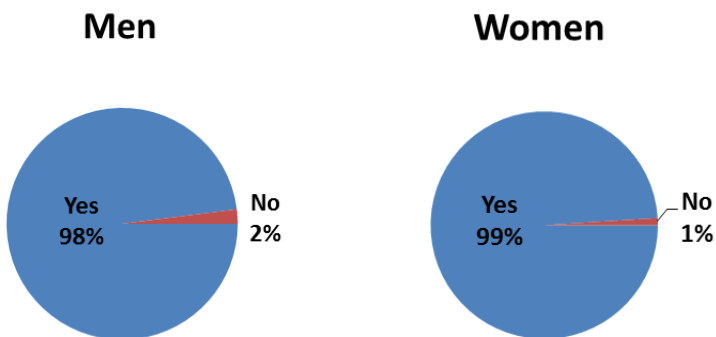
The upper and upper middle quartiles are influenced by engineering which within CPI are all men. As common with the industry, the majority of associates in generally higher paid engineering roles are men.

In the UK, women make up just 8% of the total number of engineers (according to the August 2017 Office for National Statistics (ONS) Annual Survey on Employment by Occupation figures). With a nationwide shortage of females in these occupations, this typically results in their absence throughout the upper pay quartiles.

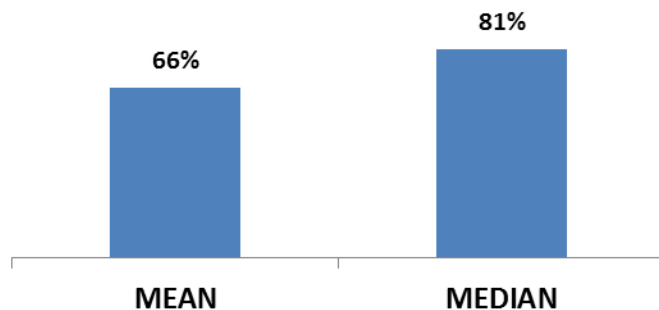
Bonus

Rewarding our associates is important to us. All our associates participate in the CPI bonus program, except associates who joined in the 4th quarter of the previous year.

Bonus Recipients



Bonus Gap



We have a consistent and uniform bonus plan. The CPI bonus plan is based on a percentage of the associate’s base salary and the overall company performance. The mean gender bonus and median gender bonus gap for CPI currently stand at 66% and 81%. This is to be expected as our quartile data shows that we have more males than females in the higher earning quartiles due to employing associates with qualifications in STEM (science, technology, engineering and math) related fields.

Our Actions

- We are proud of our values driven culture.
- We make sure we have the right associates in the right roles and that they are rewarded for their skills and contribution.
- We are committed to maintaining equal pay and reward practices.
- We have a robust Intellectual Capital process to drive in house talent development and provide opportunities and support, irrespective of race, ethnic origin, gender, religion, disability, age and sexual identity.

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