



PROMOTING AN INCLUSIVE CULTURE

GENDER PAY GAP REPORT 2018

Global Tools & Storage and Corporate Business Units

StanleyBlack&Decker



Gender Pay Gap Report 2018

Mean and median gender pay gap

	Mean hourly pay	Median hourly pay
Pay gap	21.6%	26.3%

Proportion of males and females in each quartile pay band

	Male	Female
Lower Quartile	52.6%	47.4%
Lower middle Quartile	66.5%	33.5%
Upper middle Quartile	81.3%	18.7%
Upper Quartile	77.0%	23.0%

Mean and median gender bonus gap

	Mean Gender Bonus Gap	Median Gender Bonus Gap
Gender bonus gap	59.6%	83.3%

Proportion of males and females receiving a bonus payment

	Male	Female
Total	580	256
Those in receipt of bonus	381	144
% of male and female employees receiving a bonus	65.7%	56.3%

The figures set out above have been calculated based on the instructions set out in the HMRC link <https://www.gov.uk/guidance/gender-pay-gap-reporting-data-you-must-gather>

Compensation Principles

Fair Compensation

Stanley Black & Decker is committed to a total compensation program that is competitive with practices in our industry to attract, retain and develop the best talent. Our objective is to improve the link between our compensation programs and the overall success of the company by leveraging upon our values-based and numbers-driven culture.

Reward Management is an important management tool designed to enhance business performance. It relates to all forms of return – direct and/or indirect, short term and long term, financial as well as non-financial – that employees receive as part of their employment relationship. Reward Management in a large multinational company should be a motivational driver focusing on monetary rewards as well as employee recognition within the company.

Three strategic dimensions of an organization need to be aligned with the company's strategy: Processes, People and Culture. Strategic Reward Management makes the link between processes, people and culture and translates the company's strategy into the positions and the rewards of the employees. Five main 'building stones' define a solid Reward Management:

- Strategic Reward
- Total Reward
- Internal Equity
- Individual Differentiation
- External Market Competitiveness

"Recruiting, retaining and nurturing the best talent is paramount to the achievement of our company's vision. We seek to provide fair compensation, reward performance and celebrate achievement while ensuring our people's goals, development and learning are aligned with the company's growth objectives and our Purpose and Values."

Equal Pay and Non-Discrimination

Stanley Black & Decker is committed to the principle of equal opportunities and equal treatment for all employees, regardless of sex, race, religion or religious practice, age, marital status or civil partnership, pregnancy/maternity, sexual orientation, gender reassignment or disability. These principles are actively applied to all business aspects of the company, including Compensation. We proactively promote Equal Pay System, diversity & inclusion and take measures against the Gender Pay Gap. The Company has a clear policy of paying employees equally for the same or equivalent work, regardless of their sex (or any other characteristic set out above). As such, it:

- Carries out an annual audit during the annual merit process to identify gaps and to adjust to market value;
- Evaluates position roles as necessary to ensure a fair structure

Actions to Address the Pay Gap

While our gender pay gap is currently broadly in line with the UK economy as a whole, it is a subject which the Company is not complacent about and it is committed to doing everything that it can to reduce the gap. The Company recognises that its scope to act is limited in some areas, however director level and the senior management team are aware of this gap and committed to taking actions to reduce it. Below are some of the areas the Company will focus on over the next few years and some of the measures already in place to start to reduce the gender pay gap, which will need time to take effect before an impact is made.

Diversity & Inclusion

As part of its Diversity & Inclusion agenda, the company has many Women's Network Employee Resource Groups (ERGs) across business units and countries. The purpose of these networks is to provide women across the Organisation an environment where they are empowered to pursue career advancement opportunities, achieve leadership positions and have access to resources to support their professional development. This is strongly supported by the President, James Loree and is a key focus of the European Diversity and Inclusion Board. As part of this agenda, the following actions have been put in place:

- Global Diversity and Inclusion Program Manager has been appointed to drive the diversity agenda.
- A commitment to interviewing a diverse selection of candidates for every role, see below.
- The provision of the Gender Pay Gap reporting – twice per year – for better understanding across all European countries.
- The launch of the new Code of Business Ethics and Integrity@SBD, our global reporting platform to anonymously report concerns in local language, online, by phone or via text messaging.
- The roll-out of the Unconscious Bias training to all associates, with specific Manager and HR Training, to raise awareness and manage any internal unconscious bias which exists.

Recruitment and Selection

The Company regularly reviews its recruitment procedures along with career development opportunities. The Company is particularly keen to attract and recruit more female technicians, project managers and sales representatives as well as female managers. The company aims to attract more females to its apprenticeship scheme by shifting from a traditional engineering background, which attracts more males to a more IT focused skills set, which attracts a more diverse pool of apprentices. If we are successful in increasing the number of female apprentices within the business, this may initially have an adverse impact on our gender pay figures, given that apprentices attract low salaries, but in the longer term our ambition is to increase the proportion of female employees in the higher earning quartiles.

Actions to Address the Pay Gap

Recruitment and Selection (Cont'd)

Currently, encouraging females of any age or experience into the Industrial sector is a real challenge. In reviewing our recruitment procedures, the Company is considering how it sources candidates, using external agencies that attract a diverse range of candidates as well as using social media, and will continue to drive a practice of having diverse interview panels, with both male and female interviewers. It is important to demonstrate that there is a viable career path within the Industrial Sector irrespective of gender. However this can be challenging, with few women in senior positions across the sector. The Company will also continue to explore working with Universities and Schools to raise the profile of the Industrial industry and what it has to offer to women.

Stanley Black & Decker also plans to roll out training for Line Managers and Senior Managers on unconscious bias when recruiting and promoting employees into roles within the business.

The Company is reviewing job descriptions and adjusting language used as positions become available to improve inclusivity. We are also including credible female candidates on recruitment shortlists wherever possible.

Creating an evidence base

To identify any barriers to gender equality and inform priorities for action, the Company will operate gender monitoring to understand:

- the proportions of men and women applying for jobs and being recruited;
- the proportions of men and women applying for and obtaining promotions;
- the proportions of men and women leaving the organisation and their reasons for leaving;

Target

The Company will also consider setting a year on year aspirational target for hiring and promoting females, whilst ensuring compliance with our obligations under the Equality Act 2010 around positive action.

Reviewing family friendly and flexible working policies

Stanley Black & Decker is committed to offering the opportunity to all employees regardless of role or seniority the opportunity to be considered for flexible working arrangements on application. The Company wants to offer the right working environment to allow all employees the opportunity to have a successful career regardless of working pattern.

Actions to Address the Pay Gap

Closing Notes

- None of these initiatives will, in themselves, remove the gender pay gap and the Company recognises it may be several years before some have any impact at all.
- In the meantime, Stanley Black & Decker is committed to reporting on an annual basis on what it is doing to reduce the gender pay gap and the progress that the Company is making. We recognise there is a gap, which we are taking very seriously and are committed to reduce this over the next few years through the positive initiatives outlined above.
- Any further initiatives launched throughout the year will be reported in next year's report.

Pay Gap Comparison to other Organisations

How does our pay gap compare with other organisation?

The vast majority of organisations have a gender pay gap. The median pay gap for the whole UK economy (according to the December 2017 Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) figures) is 18.4%. For Stanley Black & Decker UK Ltd the median gender pay gap is 26.3%.

A point to note when carrying out the calculations for the report is that the data for calculating hourly pay rates incorporates 137 employees who are eligible for a monthly car allowance and this will therefore have impacted the results. Similarly, some of the lower pay rates will be for interns within the business. The median gender bonus gap is 83.3%, which is reflective of a higher percentage of men holding senior, bonus eligible roles.

Stanley Black & Decker faced very challenging economic conditions in 2018 which significantly impacted the number of positions that were recruited into the business. This limited our opportunity to increase our female talent pipeline for more senior and well paid positions this year.

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