

REPORT FOR APRIL 2018 DATA

SWECO UK GENDER PAY GAP REPORT



UNDERSTANDING OUR GAP

WE ARE COMMITTED TO IMPROVING DIVERSITY AND CREATING THE RIGHT CULTURE AND ENVIRONMENT FOR OUR PEOPLE. WE BELIEVE THAT A DIVERSE AND INCLUSIVE WORKFORCE WILL NOT ONLY ENABLE OUR PEOPLE TO THRIVE BUT ENSURE THAT WE DELIVER THE BEST OUTCOMES FOR OUR CLIENTS.

In 2017 regulations were introduced by the UK Government which required organisations with 250 or more employees to publish their gender pay gap data, including any bonuses, by 4 April each year.

We have made good progress since 2017 in terms of hourly pay. Our people data (see Closing our Gap, p3) demonstrates that we are employing more females, including at our more senior grades, with the number of females employed in Sweco increasing by 2.7 percentage points since our last report in February 2018 (based on 5 April 2017 snapshot).

This is a step in the right direction, but we know that our gender pay gap is driven by the fact that we still have a significantly higher number of men than women across the business, particularly in the senior roles where salaries are higher – a factor which is reflected across our industry where less females studying STEM¹ related subjects has contributed to a shortage of female talent.

UNDERSTANDING THE BONUS PAY GAP

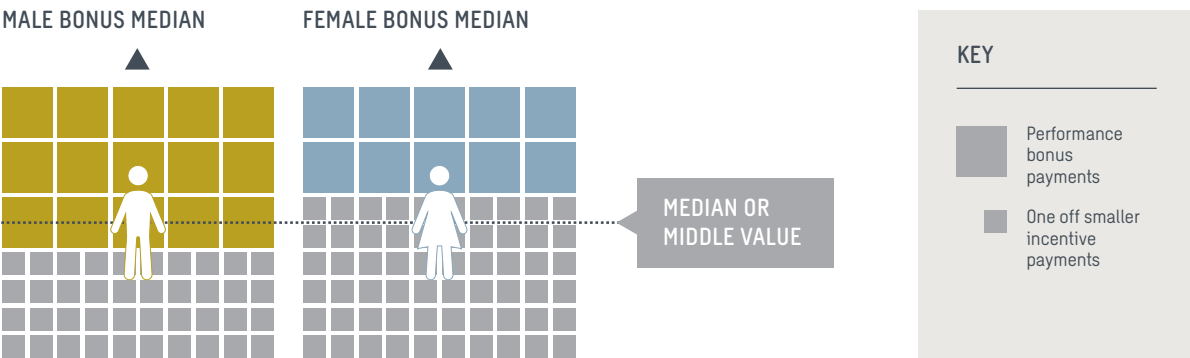
Under the regulations, one off incentive payments such as referral fees for recruitment count as 'bonus pay' and are, therefore, included in the gender pay calculations for bonus and (where they are paid in the April payroll) pay.

This year the number of women receiving one off incentive payments, (as a proportion of the total number of women receiving bonuses), is higher than the proportion of men who received them. The number of women receiving these types of one-off payments is also higher this year than last year.

As the one-off incentives are typically of a lesser amount than the annual performance bonuses, including them in the statistics when a greater proportion of women received them has had a significant impact on the bonus gap and specifically, the median bonus gap.

This is illustrated in the diagram below:

The number of individuals, both men and women, receiving a bonus has increased since last year. Our bonus gap continues to be largely driven by the fact that there are more men employed in the senior roles that attract an annual performance bonus.

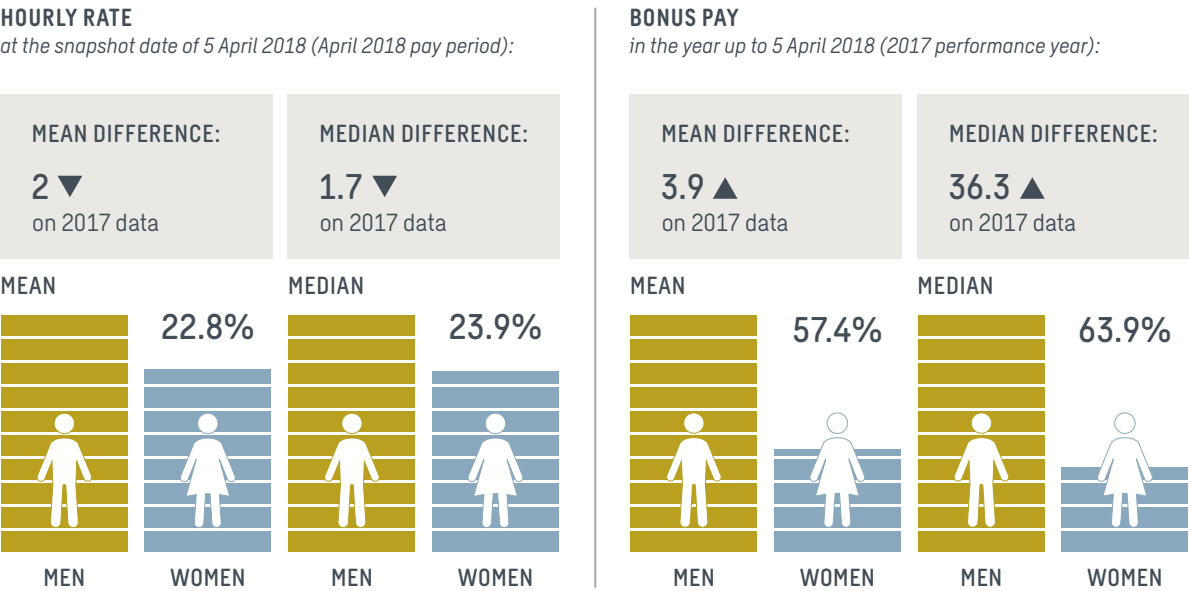


¹ Science, Technology, Engineering and Mathematics (STEM)

By removing the one-off payments and analysing the performance bonus in isolation, the mean and median bonus gap has reduced to 47% (see table below). Whilst there is clearly still a bonus pay gap, these figures show gaps of 10.4 and 16.9 percentage points (respectively) lower than the gaps shown by the figures which include the one-off payments. As noted above, the remaining gap is reflective of the fact that more males are employed in senior roles attracting a performance bonus.

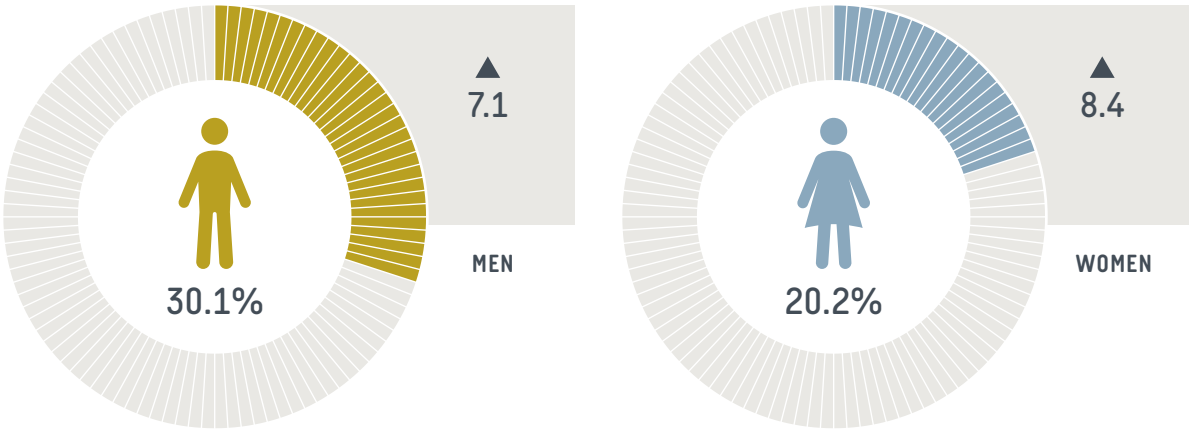
	ALL PAYMENTS CLASSIFIED AS 'BONUS'	PERFORMANCE BONUS IN ISOLATION
MEAN	57.4%	47%
MEDIAN	63.9%	47%

PAY & BONUS GAP²



A positive percentage pay gap means that on average men are paid more than women.

THE PROPORTION OF MEN AND WOMEN RECEIVING A BONUS PAYMENT IN THE YEAR UP TO 5 APRIL 2018 (2017 PERFORMANCE YEAR) IS AS FOLLOWS:



² The differences shown in the graphics are based on percentage points.

PAY QUARTILES²

The mean pay gap by quartile is based on the hourly rate for the distribution of males and females in each individual quartile. The variance in hourly rate within each quartile is smaller than the variance across the whole organisation. As a result, the pay gap varies between each quartile and is very different from the pay gap for the whole organisation.

THE PROPORTION OF MEN AND WOMEN IN EACH QUARTILE BAND IS AS FOLLOWS:

	MEN	WOMEN	DIFFERENCE IN FEMALE QUARTILE % APRIL 2017- APRIL 2018
UPPER QUARTILE	84%	16%	2 ▲
UPPER MIDDLE	80%	20%	1 ▲
LOWER MIDDLE	72%	28%	2 ▲
LOWER QUARTILE	54%	46%	No change

	MEAN PAY GAP BY QUARTILE APRIL 2018	MEAN PAY GAP BY QUARTILE APRIL 2017	DIFFERENCE IN MEAN GAP (APRIL 2017-APRIL 2018)
UPPER QUARTILE	6.84%	10.9%	4.06 ▼
UPPER MIDDLE	0.89%	-3.6%	4.49 ▲
LOWER MIDDLE	2.23%	1.8%	0.43 ▲
LOWER QUARTILE	-0.32%	3.1%	3.42 ▼

The above chart illustrates the gender distribution at Sweco across four equally sized quartiles, each containing just over 210 people. It also provides the pay gap for each quartile. Where a percentage is negative, women on average are paid more than men.

CLOSING OUR GAP

OUR GENDER PAY GAP ISSUES ARE STRUCTURAL AND COMPOUNDED BY A SIGNIFICANTLY LOWER PROPORTION OF WOMEN STUDYING STEM RELATED SUBJECTS IN RECENT DECADES, CREATING A REAL SHORTAGE OF FEMALE TALENT.

This data and the pay gap relates to gender pay and not equal pay. Gender pay analyses the average pay between men and women across an organisation. Equal pay deals with pay differences between men and women who carry out the same or similar jobs or work of equal value. Both men and women are paid equally for performing equivalent roles across Sweco. Our approach to determining pay for roles at all levels is not based on gender.

BUILDING ON OUR PROGRESS

We are committed to improving diversity and are proud that our transportation and environment teams both have a mean gender pay gap of under ten per cent.

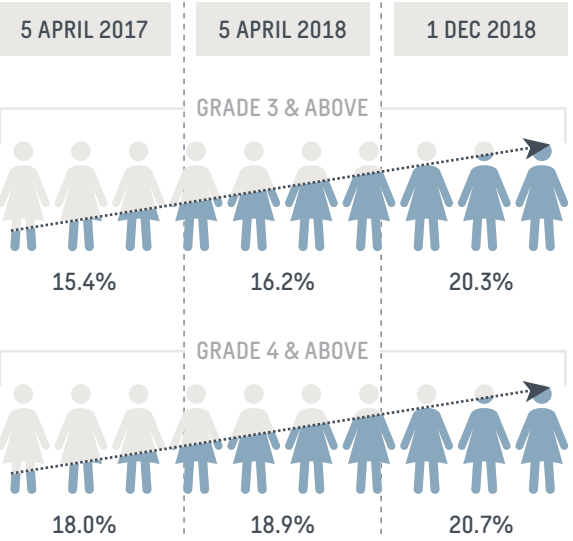
But we recognise that there is still plenty of work to do. Tackling the gender pay gap is a long-term challenge and it will take several years before our actions are truly reflected in the data. We are working hard to identify and implement ways to attract more women into our business, particularly at a senior level and also, to retain those women we already employ and encourage their progression through the organisation.

Since our last report 12 months ago, we have established a dedicated diversity and inclusion steering group, which includes members of our Leadership Team and which is committed to delivering an improved gender balance and achieving a 20% proportion of women in senior roles by 2021. The group's key strategic initiatives are detailed in the next section (p5).



OUR DECISIONS ON RECRUITMENT AND PROGRESSION CONTINUE TO BE MADE PURELY ON MERIT AND THEREFORE OUR PLAN AND THE STRATEGIC INITIATIVES WE OUTLINE ON PAGE 5, FOCUS ON HOW WE CAN ATTRACT A MORE DIVERSE POOL OF TALENTED CANDIDATES, DEVELOP ALL OF OUR PEOPLE, ENCOURAGE MORE WOMEN INTO SENIOR ROLES AND RETAIN OUR TALENT.

PROPORTION OF FEMALES IN OUR MOST SENIOR GRADES



INCREASING THE NUMBER OF FEMALES IN SENIOR ROLES

In the 12-month period to 5 April 2018, we have increased the proportion of females in our Upper Quartile from 14% to 16%. The proportion of women in our most senior grades (grades 1-4), which typically make up the majority of grades in the Upper Quartile, reached 20.7% by the beginning of December 2018. Similarly, we are making progress at all levels with our overall female population increasing from 26.7% to 29.4% since last year.

Almost a third (32%) of our new starters between 5 April 2017 and 5 April 2018, were female, with women accounting for almost 19% of those recruited to our most senior grades (grades 1-4).

In terms of progression, 26% of the promotions to these most senior grades during the same period have been women.

This progress should enable us to continue to increase the proportion of females in our most senior grade and achieve our target of 20% of females in the upper quartile by 2021.

DEVELOPING A FUTURE TALENT PIPELINE

We are continuing to support our colleagues who are STEM¹ Ambassadors and are delighted that we now have 89 ambassadors and representation across all business units. This number represents over 10% of our people and is an increase of almost 45% from November 2017. The proportion of STEM Ambassadors who are women account for almost 28%.

We also continue to be members of WISE³ and our plan is based on their ten steps, which reflects our commitment to sharing our expertise externally and helping to strengthen the pipeline of future engineers.

² The differences shown in the graphics are based on percentage points.

¹ Science, Technology, Engineering and Mathematics (STEM)
³ Women in Science and Engineering (WISE)

STRATEGIC INITIATIVES TO SUPPORT ACHIEVEMENT OF OUR TARGET

ATTRACTION

IN THE LAST 12 MONTHS WE HAVE:

- ✓ Introduced a broader approach to attraction, including different forms of advertising and are working closely with our partnered recruitment agencies to reach and attract a more diverse pool of candidates.
- ✓ Reviewed our end-to-end recruitment process and introduced a number of improvements including:
 - A job applicant tracking system which simplifies how we capture and analyse candidate data and identifies areas where we can improve diversity.
 - Additional guidance for managers on how to conduct structured interviews, ensuring consistent and robust assessment and decision-making.
- ✓ Developed our recruitment material and messaging to reach a wider, more diverse audience.
- ✓ Reviewed our approach to flexible working and now promote it through our advertisements. To support our new approach, we are also providing additional guidance and support on flexible working to our managers.

WHAT WE STILL PLAN TO DO:

- Develop and provide further coaching and guidance to all our managers, including interview techniques and raising awareness of unconscious bias and how to avoid it.
- Explore ways in which we can attract and support candidates returning to the workplace after an extended break from employment.

DEVELOPMENT & PROGRESSION

IN THE LAST 12 MONTHS WE HAVE:

- ✓ Introduced the Consultant Career Pathway and revised our approach to promotion, providing greater transparency and structure to support development and career progression.

- ✓ Designed and implemented the Sweco Development Framework to highlight, structure and guide both the technical and non-technical development of all of our people.
- ✓ Developed and launched diversity and inclusion awareness sessions for our managers to facilitate with their teams.
- ✓ Developed and trialled an approach to talent management which will enable us to review individual potential as well as performance.

WHAT WE STILL PLAN TO DO:

- Develop and launch our Project Management Professional Career Pathway to complement our existing Career Pathways and provide further structure and clarity for those individuals wishing to develop their careers in project management.
- Review and evaluate the talent management trial with a view to introducing this to more of our employees over the next 2-3 years.

RETENTION

IN THE LAST 12 MONTHS WE HAVE:

- ✓ Reviewed our data on people that have left the business. As a result, we have introduced a new exit survey to capture more robust and measurable information about why people choose to leave us.
- ✓ Provided additional guidance and support for our managers to support conversations with individuals wishing to work more flexibly and therefore complement our existing culture of both formal and informal flexible working arrangements.

WHAT WE STILL PLAN TO DO:

- Introduce more support for those individuals returning to work from an extended break, such as maternity leave.
- Review the maternity and paternity leave policies introduced in January 2018.
- Develop a number of family-based policies, including parental leave and adoption leave, to support individuals in managing their personal and family lives with work commitments.

We have made progress in the last 12 months towards improving diversity and closing our gender pay gap. I am particularly encouraged by the increasing number of females being attracted into the organisation and being appointed through both recruitment and development into senior roles.

We know that it will take time and sustained activity for the results to be reflected in the gender pay data and we must continue to do more to deliver our objectives. We will continue to review our strategy and actively engage with our people to ensure that the gender pay gap is reduced and we attract, develop and retain diverse and talented people, working in an environment and culture where everyone can thrive.

I confirm that the data in this report is accurate.



Max Joy,
President, Sweco UK

