

SWECO UK REPORT FOR  
APRIL 2019 DATA

# GENDER PAY GAP REPORT





# INTRODUCTION

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

We are making steady progress on our mean gender pay gap with an overall reduction of over 10% since we started reporting in 2018. We have also made significant improvements in the number of women we employ which has increased from 26.7% in early 2018 to 30% by the end of 2019, including more women in our middle upper quartile. The additional increase in the lower middle and lower quartiles is building a pipeline for the future.

These are all positive indicators, but we also recognise that our gender pay gap is driven by the fact that we still have a significantly higher number of men than women employed across our business, particularly in the senior roles where salaries are higher – a factor which is reflected across our industry where in 2019 only 10.3% of engineering professionals were female.<sup>1</sup>

## WHAT IS THE GENDER PAY REPORT ALL ABOUT?



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 one-off payments or bonuses, by 4 April each year.

## OUR APPROACH AT SWECO



Paying our people fairly and equitably relative to their role, skills, experience and performance is a fundamental principle of Sweco's approach to determining pay and reward.

## WHAT'S THE DIFFERENCE BETWEEN EQUAL PAY AND GENDER PAY?



The issue of equal pay and the gender pay gap are sometimes confused.

The data in this report relates to gender pay and not equal pay.

The gender pay gap is concerned with differences in the average earnings of men and women, expressed relative to men's earnings, regardless of their role or seniority.

Equal pay deals with pay differences between individual men and women who carry out the same or similar jobs or work of equal value.

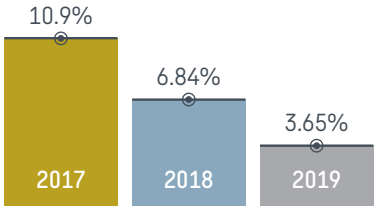
Gender pay is about how women and men are represented across the levels of the organisation. The gender pay gap highlights the extent to which women are employed in those roles that attract higher pay (typically senior, technical and leadership roles).

<sup>1</sup> Women in Science and Engineering (WISE) March 2020.

# BUILDING ON OUR PROGRESS

THE POSITIVE TRAJECTORY IN OUR MEAN AND MEDIAN GENDER PAY GAP IS ILLUSTRATED IN OUR DATA (SEE PAY AND BONUS GAP PAGE 6). WE ARE ALSO MAKING ENCOURAGING PROGRESS IN THE GENDER PAY GAP BY QUANTILE, MOVING FROM 10.9% TO 3.65% IN THE UPPER QUANTILE SINCE 2017.

UPPER QUANTILE MEAN PAY GAP



We are committed to improving diversity and are proud that two of our divisions: Transportation and Water & Asset Management have a mean gender pay gap of under 10%. This is significantly lower than last years national gender pay gap of 17.3%<sup>2</sup> for all employees and for engineering sector occupations at 18.7%.<sup>3</sup>

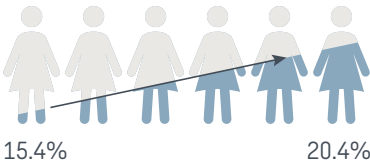
This is compounded by the wider industry issue of a lower proportion of available females with the knowledge and skills we need.

These are all steps in the right direction, but we recognise that there is still plenty of work to do. We know that our gender pay gap is driven by the fact that we still have a much higher proportion of men than women across the business, particularly in the more senior roles.

Tackling the gender pay gap is a long-term challenge and it will take several years before our actions are truly reflected in our 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. Our progress to date is illustrated in the graphics below.

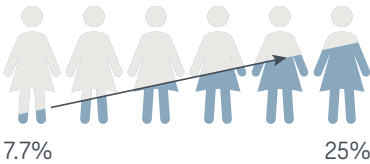
**PROPORTION OF FEMALES IN OUR MOST SENIOR GRADES:**

GRADES 1-3<sup>4</sup> (2017-2019)



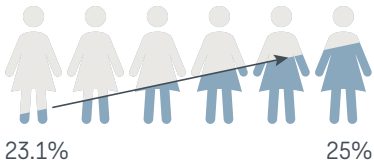
**PROPORTION OF FEMALE NEW STARTERS:**

GRADES 1-3<sup>4</sup> (2017-2019)

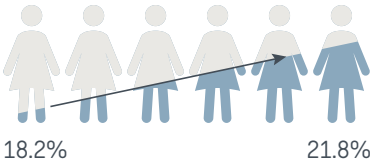


**PROPORTION OF FEMALE PROMOTIONS:**

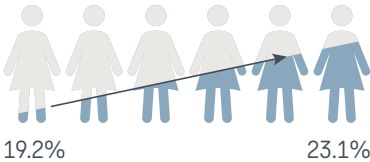
GRADES 1-3<sup>4</sup> (2017-2019)



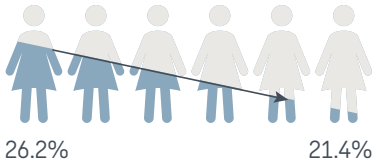
GRADES 1-4<sup>5</sup> (2017-2019)



GRADES 1-4<sup>5</sup> (2017-2019)



GRADES 1-4<sup>5</sup> (2017-2019)



Our commitment is also reflected in our three-year strategy where one of our three Strategic Objectives is to 'attract, recruit and retain the best people' working in an inclusive workplace where a diverse set of people can all thrive.

<sup>2</sup> Office for National Statistics: Gender Pay Gap in the UK, October 2019.  
<sup>3</sup> The Guardian.com: 26 June 2019 - Careers: How changing attitudes are closing the gender gap in engineering.  
<sup>4</sup> These are the most senior grades and make up most of the grades in the upper quartile.  
<sup>5</sup> Approximately 40% of grade 4's are also in the upper quartile.



Since our last report 12 months ago, our dedicated diversity and inclusion group, which includes members of our Leadership Team, has worked hard to understand the data and determine where best to focus our efforts on improvement. The Group has also broadened its scope to encourage diversity in its widest sense and to implement strategies to ensure our culture is an inclusive one, so we not only attract, but we retain a diverse population, where everyone can perform to their potential and we deliver consistently great outcomes for clients. Our key initiatives across the three areas of focus are highlighted in the graphic on page 4.

#### DEVELOPING A FUTURE TALENT PIPELINE

We are continuing to support our colleagues who are STEM<sup>6</sup> ambassadors and are delighted that we now have 88 ambassadors across the organisation. This number represents over 10% of our people and almost 32% of our ambassadors are women.

We also continue to be members of WISE<sup>1</sup> 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.

## CLOSING OUR GENDER PAY GAP

Our gender pay gap is structural and compounded by a significantly lower proportion of women studying STEM<sup>6</sup> related subjects in recent decades. The percentage of female graduates achieving a core-STEM qualification remains at 9%, as it was in 2018. This compares to 33% of males graduating with a higher education qualification in a core-STEM subject in 2019<sup>7</sup>. This continues to create a real shortage of females with the skills, knowledge and experience we require.

Our decisions on recruitment and progression continue to be made purely on merit and therefore our plan and the initiatives we outline on page 4, 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 people.

We remain committed to our target of having 20% of women in our Upper Quartile by 2021 but recognise this won't be easy. However, the underlying data continues to show progress towards this goal.

# 20%

OF FEMALES IN THE UPPER QUARTILE BY 2021

We continue to believe that focusing on the Upper Quartile will enable us to deliver a significant impact on our gender pay gap.

<sup>6</sup> Science, Technology, Engineering and Mathematics (STEM).

<sup>7</sup> Women in Science and Engineering (WISE) statistics for core-STEM graduates 2019 which indicate that there are a lower proportion of women studying STEM related subjects compared to men.

# ATTRACT, RECRUIT AND RETAIN THE BEST PEOPLE

## KEY INITIATIVES TO SUPPORT OUR STRATEGIC OBJECTIVES

### ATTRACTION & RECRUITMENT

- Using tools such as LinkedIn Recruiter and Talent Insights to enable us to target people with the right skills, knowledge and experience from a more diverse talent pool
- Coaching and challenging managers to think outside the norm
- Actively engaging with a number of universities based on demographics

### RETENTION

- Embedding the flexible working message through colleague case studies and guidelines for managers
- Gathering meaningful data including training a team of managers to conduct face to face exit interviews to ensure we fully understand our people's reasons for leaving
- Conducting an onboarding survey to gather feedback and learnings and inform future recruitment and onboarding activity

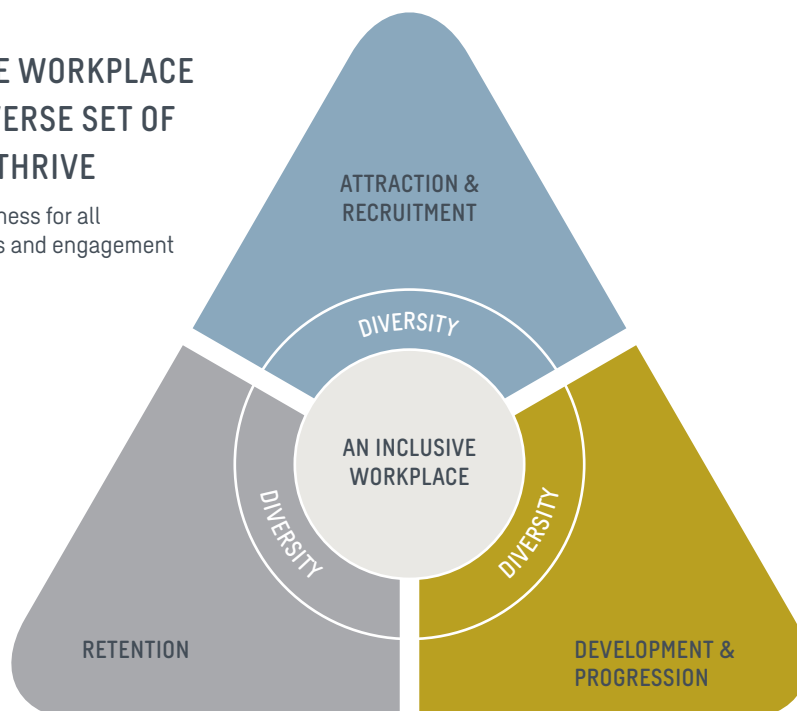
### DEVELOPMENT & PROGRESSION

- Developing and launching the Project Management Professional Career Pathway
- Establishing a Graduate Development Pilot creating a clearer structure to maximise the development of our graduates. The pilot group will inform future programme content
- Talent Development Programme being developed by Sweco Group

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## AN INCLUSIVE WORKPLACE WHERE A DIVERSE SET OF PEOPLE CAN THRIVE

- Inclusion awareness for all
- Communications and engagement



# UNDERSTANDING OUR GAP

## UNDERSTANDING THE BONUS PAY GAP

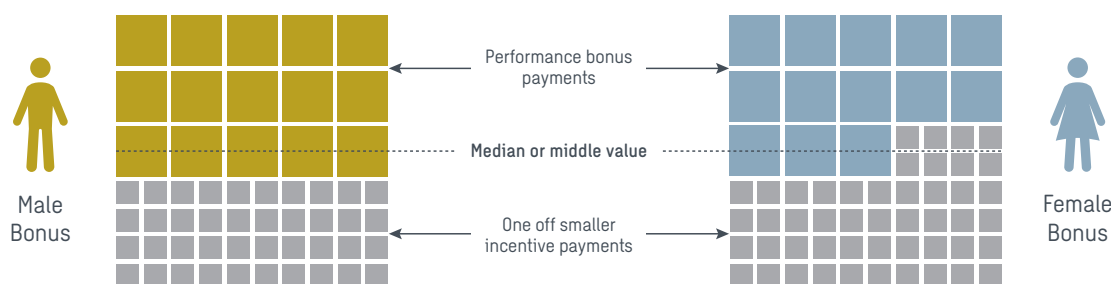
The bonus gap data shows that both the mean and median have decreased significantly closing the bonus pay gap. However the proportion of women receiving a bonus has reduced from 20.2% in 2018 to 17.4% in 2019.

Our bonus pay 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. To understand why the gap has significantly reduced this year, it is important to understand the data that goes into the calculation.

The calculation we are required to use to produce the bonus pay gap data also requires us to include smaller, one-off incentives, for example referral fees for recruitment. 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. Any changes in the number of these types of payments, particularly between men and women will impact the bonus pay.

The graphic below illustrates the relationship between the different elements which make up the bonus calculation.

## PROPORTIONAL REPRESENTATION OF BONUS PAYMENTS



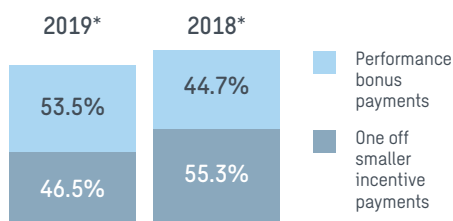
In the 2018 reporting year, just over half the total bonus payments made to women were referral fee payments – in 2019 this balance has now switched so that performance bonuses make up just over half of the total payments. So, whilst the proportion of referral fee type payments as a proportion of total bonus remains higher for women than for men, this gap is narrowing (from 31% last year to 20% this year).

For this reporting year, the number of women receiving one off incentives (as a proportion of the total number of women receiving all bonuses) has decreased by 16% on last year with the actual number of referral type payments made to women decreasing by 23%. Conversely, the number of performance bonuses awarded to women increased by almost 10% and their average (mean) value increased by 5%, with the average (mean) value of all bonuses awarded to women, including one off incentives also increasing (see graphic below).

Conversely, whilst the total number of bonus payments made to men has increased, an increase in the number of men receiving typically smaller, one off referral fee type payments has helped reduce the average (mean) value of these payments with a decrease of almost 21% on last year's figures.

By removing the one-off payments and analysing the performance bonus in isolation, the mean bonus gap has reduced to 14.2% and the median bonus gap has reduced to 28.3% (see table below). Whilst there is clearly still a bonus pay gap, these figures show a significant reduction when one off payments are removed. As noted above, the remaining gap is reflective of the fact that more males are employed in the senior roles that attract a performance bonus.

## BONUS PAYMENT BREAKDOWN FOR WOMEN



## PERFORMANCE BONUS IN ISOLATION

	ALL PAYMENTS CLASSIFIED AS 'BONUS'	PERFORMANCE BONUS IN ISOLATION
MEAN	23.2%	14.2%
MEDIAN	47.1%	28.3%

\* Respective reporting years

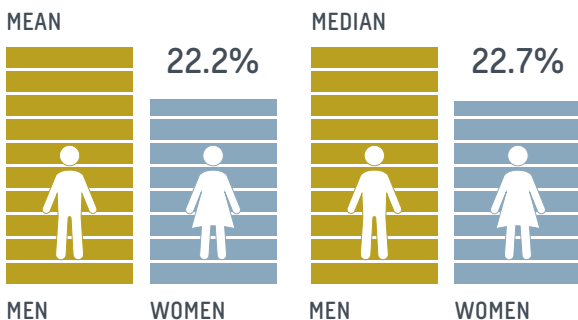
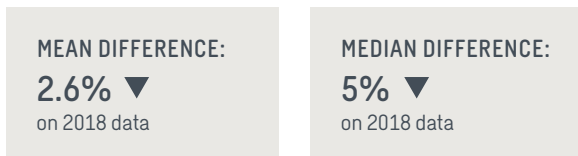
# PAY AND BONUS GAP



The gender pay gap is calculated as the difference between average hourly earnings (excluding overtime) of men and women as a proportion of average hourly earnings (excluding overtime) of men's earnings. It is a measure across all jobs, not of the difference in pay between men and women for doing the same job.<sup>8</sup>

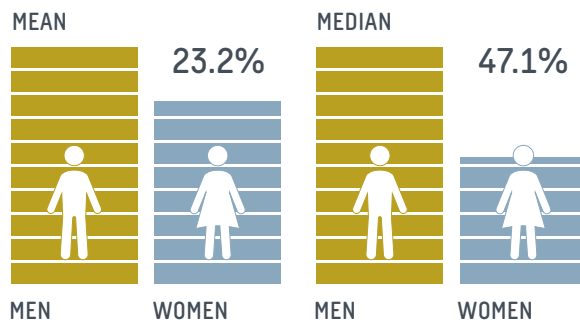
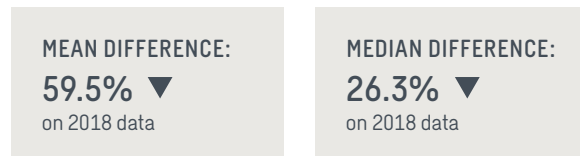
## HOURLY RATE

at the snapshot date of 5 April 2019 (April 2019 pay period)



## BONUS PAY

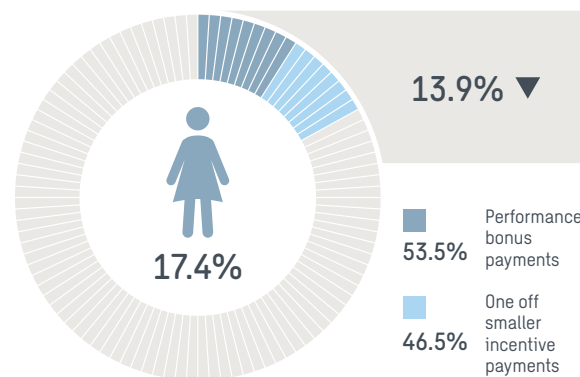
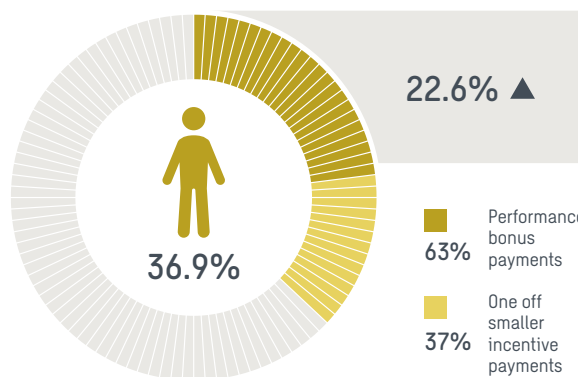
in the year up to 5 April 2019 (2018 performance year)



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

Our pay data excludes the value of benefits purchased through salary and bonus sacrifice as required by the gender pay legislation. We have included sacrificed bonus in our bonus calculations.

## THE PROPORTION OF MEN AND WOMEN RECEIVING A BONUS PAYMENT, INCLUDING ONE OFF INCENTIVE PAYMENTS, IN THE YEAR UP TO 5 APRIL 2019 (2018 PERFORMANCE YEAR) IS AS FOLLOWS:



<sup>8</sup> Office for National Statistics: Gender Pay Gap in the UK, October 2019.






# PAY QUANTILES

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

	MEN	WOMEN	DIFFERENCE IN FEMALE QUANTILE % (APRIL 2018 - APRIL 2019)
UPPER QUANTILE	84%	16%	No change
UPPER MIDDLE	79%	21%	5% ▲
LOWER MIDDLE	68%	32%	14.2% ▲
LOWER QUANTILE	52%	48%	4.3% ▲

	MEAN PAY GAP BY QUANTILE (APRIL 2019)	MEAN PAY GAP BY QUANTILE (APRIL 2018)	DIFFERENCE IN MEAN GAP (APRIL 2018 - APRIL 2019)
UPPER QUANTILE	3.65%	6.84%	▼
UPPER MIDDLE	0.15%	0.89%	▼
LOWER MIDDLE	-0.02%	2.23%	▼
LOWER QUANTILE	2.91%	-0.32%	▲

The above chart illustrates the gender distribution at Sweco across 4 equally sized quartiles based on hourly rates of pay, each containing just over 211 people. It also provides the pay gap for each quartile. Where a percentage is negative, women on average are paid more than men.



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.



We have continued to make progress during the last 12 months towards improving diversity and closing our gender pay gap. It is a significant challenge but we remain absolutely committed to closing the gap. I am particularly encouraged by the continued rise in the proportion of females across our business, particularly at our most senior grades, the increasing proportion of women in our upper middle quartile and the positive progress in decreasing the pay gap, notably in our upper quartile.

We recognise that it will take time and sustained activity for the results to be reflected in the data. For this reason, our 2023 Strategy places great emphasis on our people. We will deliver our priorities, measuring success by continuously reviewing our data. We will actively engage with our people to ensure that the gender pay gap is reduced and we attract, develop and retain a diverse and talented population, working in an environment and culture where everyone can thrive.

A handwritten signature in black ink, appearing to be 'Max Joy', written in a cursive style.

Max Joy,  
President Sweco UK

