

# Gender pay gap report



# Executive summary

- **The hourly wage pay gap has reduced which is good news.**
  - The mean hourly wage gap is now 20.8% (a decrease from 22.2% in 2019).
  - The median hourly wage gap is now 14.7% (a decrease from 22.7% in 2019).
  - Women earn 85p for every £1 that men earn based on median hourly wage (which has improved from 77p in the last report).
    - An increase of females in the upper quartiles has improved the mean hourly wage pay gap.
    - An increased percentage of females in the upper quartiles and a reduction of percentage females in lower quartiles will have affected the median gap.
- **The proportion of women in the upper and upper middle quartiles has increased which is good news.**
  - The proportion of women in the upper quartile has increased from 16% to 20%.
  - The proportion of women in upper middle quartile has increased from 21% to 25%.
    - We have achieved our target of having the upper quartile made up of 20% females by 2021.
    - During the period of 2019-2020 there has been an increase in the promotions of females into grades 1-3 and 1-4.
    - There has been a drop in the number of female new starters at grades 1-3 and 1-4 in comparison to the 2018-2019 period.
- **The number of females receiving a bonus payment has increased which is good news.**
  - 22.8% of females received a bonus payment which was an increase from 17.4% in 2019.
  - 29.8% of males received a bonus payment which was a decrease from 36.9% in 2019.
  - Performance bonus payments have increased as a percentage of total bonus payments for both males and females.
- **The bonus pay gap has increased, however the increase is minimal.**
  - Mean bonus pay gap is 23.4% (an increase from 23.2% in 2019).
  - Median bonus pay gap is 50% (an increase from 47.1% in 2019).
  - Women earn 50p for every £1 that men earn based on median bonus pay.
    - More males are employed in senior roles which attract an annual performance bonus, which affects the bonus pay gap. The current bonus scheme applies to senior grades only, and is based on the performance of the division in which the employee works.

# Introduction

To ensure that our people thrive and give the best to our clients, we are committed to creating a diverse culture which better represents the world in which we operate.

We made some good progress during the 2019-2020 period with a reduction in the mean hourly wage pay gap to 20.8%. Recruitment across some areas of the business was not as prevalent as in previous years, however we employed 30 females during this period taking our overall percentage of females to 28.7% by April 2020. We continue to recognise that our gender pay gap is driven largely by the

fact that we have a significantly higher number of males in our business as traditionally engineering type occupations attract more males than females.

This report references division names that were in place prior to the integration with MLM.

## 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, 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).



# 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 on page 7).

We are committed to continue to make progress in this area. Our Transportation, Water & Asset Management, and Energy & Environment divisions all have a median gender pay gap of under 10%, which is significantly lower than the UK National Gender Pay Gap published by the Office for National Statistics (ONS).

These are all steps in the right direction, although 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.

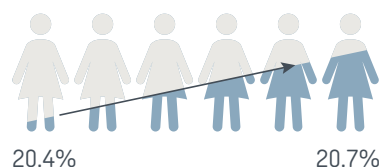
This is compounded by the wider-industry issue of lower proportions of females gaining the knowledge and skills we need.

Addressing the gender pay gap continues to be a long-term challenge for us 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 existing female employees and encourage their progression. Our progress to date is illustrated in the graphics below.

## Proportion of females in our most senior grades:

GRADES 1-3<sup>1</sup> (2019-2020)

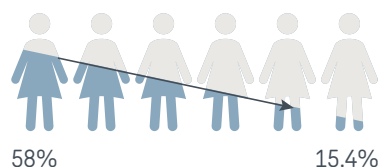
5 April 2019 - 5 April 2020



## Proportion of female new starters:

GRADES 1-3<sup>1</sup> (2018-2020)

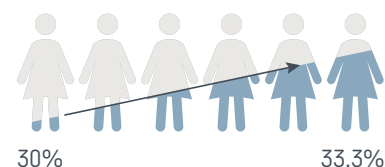
April 2018-2019 and April 2019-2020



## Proportion of female promotions:

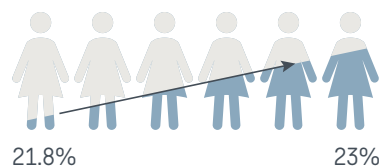
GRADES 1-3<sup>1</sup> (2018-2020)

April 2018-2019 and April 2019-2020



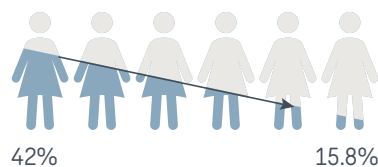
GRADES 1-4<sup>2</sup> (2019-2020)

5 April 2019 - 5 April 2020



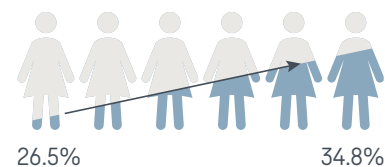
GRADES 1-4<sup>2</sup> (2018-2020)

April 2018-2019 and April 2019-2020



GRADES 1-4<sup>2</sup> (2018-2020)

April 2018-2019 and April 2019-2020



Within Sweco, grade 4 is split between the upper and upper middle quartiles.

Our commitment is also reflected in our 2023 People Plan where one of our People Priorities is to 'build an inclusive and diverse workforce' by attracting, recruiting and retaining the best people where everyone can thrive.

The plan encompasses what Sweco aims to achieve over the next three years to 2023, the behaviours expected of our people and what employees will gain from working at Sweco. The plan includes a roadmap of initiatives that will help us to achieve this. We want to create the best experience for each of our colleagues within a flexible

working environment, where individuals are recognised for their personal and team contribution and given the opportunity to develop, thrive and succeed. There are people targets included in the plan to help us build an inclusive and diverse workforce, which are set out in Appendix 1.

Through continued engagement, increased collaboration and personal development we will continue to build an inclusive culture, where everyone has a sense of purpose and is able to contribute to the delivery of our 2023 Strategy.

<sup>1</sup> These are the most senior grades and make up most of the grades in the upper quartile.

<sup>2</sup> Approximately 40% of grade 4's are also in the upper quartile.



Since our last report 12 months ago, we have welcomed new members to join the Diversity and Inclusion group who better represent our colleagues. We are also delighted that Max Joy, Sweco's UK President has joined the group as its Leadership Team sponsor.

To support the People Priority of building an inclusive and diverse workforce, the Diversity & Inclusion group has developed a 3 year plan to 2023. This focusses on key initiatives across the three areas of focus that are highlighted in the graphic on page 5.

### Developing a future talent pipeline

We have 80 STEM<sup>3</sup> ambassadors across the organisation who continue to support our colleagues. This number represents 9% of our total workforce and 35% of our ambassadors are women.

In 2020 Sweco also signed up to the Government's Disability Confident scheme and we aspire to gain Leader status by 2023.

## Closing our gender pay gap

In the UK, there has been a 31% increase in entries from women and girls to STEM A-levels between 2010 and 2019. There has also been an increase in the number of young women taking Mathematics and Further Mathematics, by around 2.8% and 3.9% respectively.

In higher education, the picture for women in STEM looks bright. Between 2011 and 2020, the number of women accepted onto full-time STEM undergraduate courses increased by 50.1% in the UK. Within the same period, the proportion of women entering full-time undergraduate courses taking STEM subjects increased from 33.6% to 41.4%<sup>4</sup>.

Our decisions on recruitment and progression are on merit alone and therefore the initiatives outlined on page 5, focus on how we can attract a more diverse pool of talented candidates, and encourage more women into senior roles.

# 20%

We are pleased to have achieved our target of having 20% of women in our upper quartile by 2021.

<sup>3</sup> Science, Technology, Engineering and Mathematics (STEM).

<sup>4</sup> Women in Science and Engineering (WISE) statistics.

# Attract, recruit and retain the best people

Key initiatives outlined in our 2023 People Plan to support our strategic objectives.

**Attraction & Recruitment**

- Promote the use of LinkedIn Recruiter and Talent Insights to target individuals with the right skills, knowledge and experience from a more diverse talent pool
- Coach and challenge managers to think outside the norm
- Launch of Sweco Behaviours
- Update and diversify marketing collateral and messages
- Launch a flexible working policy

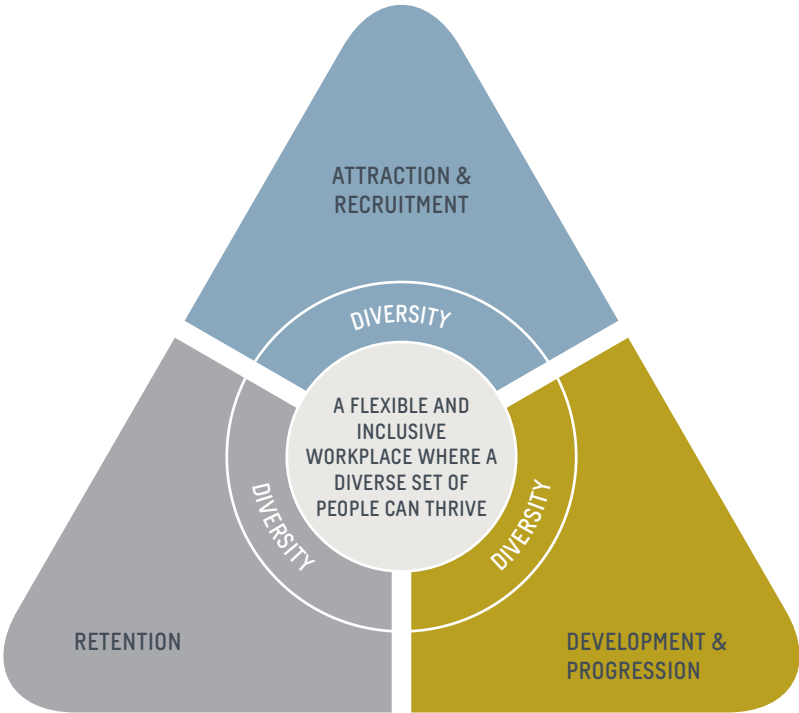
**Retention**

- Promote, cascade and embed flexible working throughout the business
- Collect and analyse feedback provided during the onboarding and exit processes, to better inform future activities and initiatives
- Launch of performance management approach based on behaviours, client focus, technical excellence and continuous development

**Development & Progression**

- Launch our three Career Pathways - Line Manager, Consultant and Project Management Professional, and their incorporated behaviours
- Embed the Talent Development Programme currently being developed by Sweco Group
- Launch the Graduate Development programme in October 2021.

In early 2021, we introduced an HR Business Partner programme to further develop the skills of our line managers in the divisions.



# Understanding our bonus pay gap

The proportion of women receiving a bonus has increased from 17.4% in 2019 to 22.8% in the 2020 reporting period, whereas the proportion of males receiving a bonus decreased to 29.8%.

However, the data shows that both the mean and median bonus pay gaps have increased slightly in the 2020 reporting year.

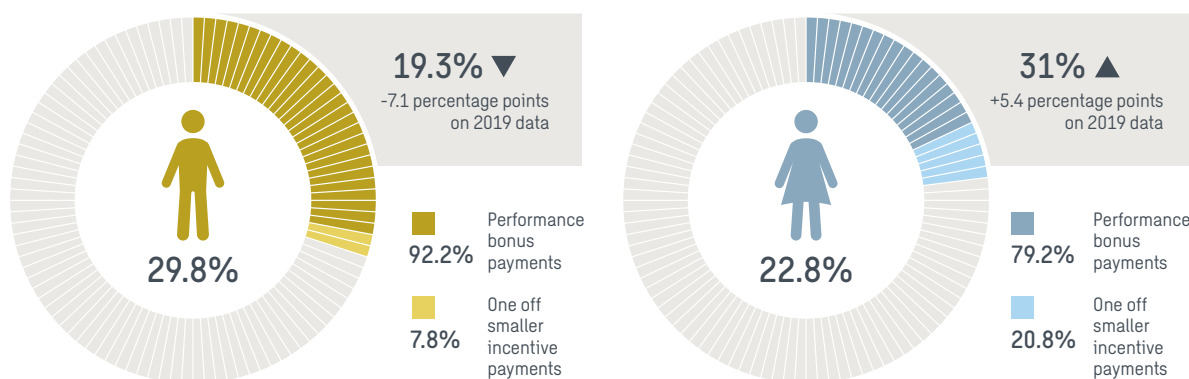
As part of our reporting calculations, we are required to include performance bonuses, and also smaller, one-off incentives, for example Finders' Fees.

In 2020, the proportion of performance bonuses paid to females, increased to 79.2% which is positive, in comparison to 92.2% of performance bonuses received by males.

The reason for this disparity is because more males are employed in senior roles which attract an annual performance bonus, which affects the bonus pay gap. The current bonus scheme applies to senior grades only, and is based on the performance of the division in which the employee works.

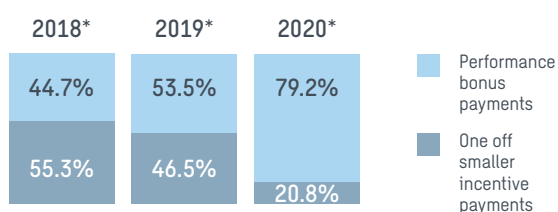
We recognise the need to reward all employees and we have updated our bonus scheme to ensure everyone is eligible for the scheme. These bonuses will be paid in April 2022, subject to performance, and will impact the bonus pay gap from 2023.

The proportion of men and women receiving a bonus payment, including one off incentive payments, in the year up to 5 April 2020 (2019 performance year) is as follows:



Of the employee population, 29.8% of men received bonus payments and 22.8% of women received bonus payments.

## Bonus payment breakdown for women



## Performance bonus in isolation

	All payments classified as 'bonus'	Performance bonus in isolation
MEAN	23.4%	14.8%
MEDIAN	50%	36.6%

\* 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>5</sup>

## Hourly rate

At the snapshot date of 5 April 2020 (April 2020 pay period)

MEAN DIFFERENCE:

**6.3% ▼**

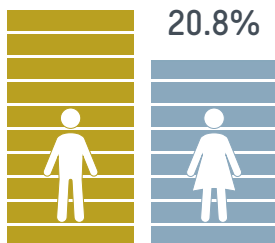
-1.4 percentage points on 2019 data

MEDIAN DIFFERENCE:

**35% ▼**

-8 percentage points on 2019 data

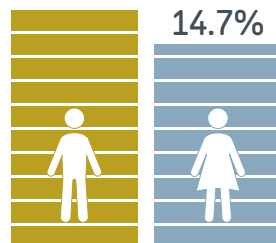
MEAN



MEN

WOMEN

MEDIAN



MEN

WOMEN

## Bonus pay

In the year up to 5 April 2020 (2019 performance year)

MEAN DIFFERENCE:

**0.8% ▲**

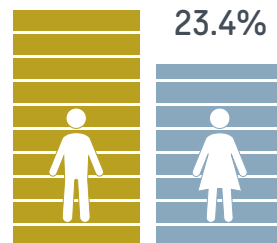
+0.2 percentage points on 2019 data

MEDIAN DIFFERENCE:

**6.2% ▲**

+2.9 percentage points on 2019 data

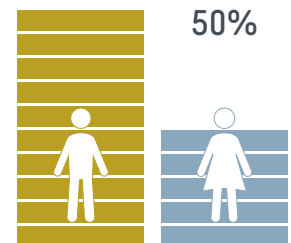
MEAN



MEN

WOMEN

MEDIAN



MEN

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.

<sup>5</sup> Office for National Statistics: Gender Pay Gap in the UK, October 2019.





## Pay quartiles


The proportion of men and women in each quartile band is as follows:

	Men	Women	Difference in female quartile % compared to previous reporting year
Upper quartile	80%	20%	25%* ▲ +4 percentage points 😊
Upper middle	75%	25%	19% ▲ +4 percentage points 😊
Lower middle	71%	29%	9.4% ▼ -3 percentage points 😐
Lower quartile	62%	38%	20.84% ▼ -10 percentage points 😐

	Mean pay gap by quartile (April 2020)	Mean pay gap by quartile (April 2019)	Difference in mean gap compared to previous reporting year
Upper quartile	19.82%	3.65%	▲ 😐
Upper middle	1.29%	0.15%	▲ 😐
Lower middle	-0.46%	-0.02%	▼ 😐
Lower quartile	1.58%	2.91%	▼ 😊

The above chart illustrates the gender distribution at Sweco across four equally sized quartiles based on hourly rates of pay, each containing just over 208 people. It also provides the pay gap for each quartile. Where a percentage is negative, women on average are paid more than men.

\* The number of females in the Upper Quartile has increased by 25% which is good news, however the number of females in the top 25 highest paid individuals in the business has reduced from 5 to 2. This is due to a performance bonus being paid in one division where a higher proportion of employees are male.



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.

## Message from Max Joy, our Sweco UK President

We have continued to make some progress during the last 12 months towards improving diversity and we remain absolutely committed to closing the gender pay gap. I am particularly encouraged by the continued rise in the proportion of females across our business, the increasing proportion of women in our upper and upper middle quartiles and the positive progress in the decreasing pay gap.

We will actively engage with our people to ensure that the gender pay gap is reduced by attracting, developing and retaining a diverse population, promoting a working environment and culture where everyone can thrive. To support and reinforce this, we have recently introduced our People Plan and relaunched our Performance Management approach (Sweco Talks).



Max Joy,  
President Sweco UK

# Appendix 1

## BUILD AN INCLUSIVE AND DIVERSE WORKFORCE

TARGETS	2021	2022	2023
Females in G1-4	>20%	>25%	>30%
BAME *	16%	18%	20%
Disability **	Improve our declaration for Disability	5%	6%

### LINKED SUSTAINABILITY AND SOCIAL MOBILITY KPIs

% colleagues enabled to undertake flexible/agile working	100%	-	-
% of managers receiving mental health support training	-	75%	100%
Sweco signed up to be a Disability Confident Employer	Committed	Committed	Leader
Increase % of graduates from diverse backgrounds	5%	8%	10%

\* BAME stands for Black, Asian and Minority Ethnic.

\*\* This includes disability and long term conditions, as covered in the Equality Act 2010. Long term conditions are not limited to, but include diabetes, autism, dyslexia, arthritis, or mental health conditions.

