

Gender Pay Gap Report

Sweco UK report for April 2021 data

Executive Summary

For context it is important to note that our overall percentage of females as of April 2021 was 28.2%, this compares positively to the percentage of females employed in core-STEM roles in the UK which is 24.2%.

The hourly wage pay gap

The MEAN hourly wage gap:

23.6%

A movement from
2020 of:

20.8% in Sweco
35.57% in MLMCE¹
54.74% in MLMBC²

The MEDIAN hourly wage gap:

24.4%

A movement from
2020 of:

14.7% in Sweco
33.58% in MLMCE
48.19% in MLMBC

Women earn

76p

for every £1 that men earn based
on the median hourly wage

A movement from 2020 of:

85p in Sweco
66p in MLMCE
52p in MLMBC

The mean hourly wage gap percentage is largely driven by the significantly higher number of males in the organisation.

The proportion of women in the upper and upper middle quartiles

The proportion of women in
the upper quartile has
moved to:

16.3%

from 2020 reporting of

20% in Sweco
6% in MLMCE
0% in MLMBC

↗ **Increase** in proportion
of female new starters

→ **Same** proportion of
female promotions

The proportion of women in
the upper middle quartile has
moved to:

20.5%

from 2020 reporting of

25% in Sweco
29% in MLMCE
11% in MLMBC

↗ **Increase** in proportion
of female new starters

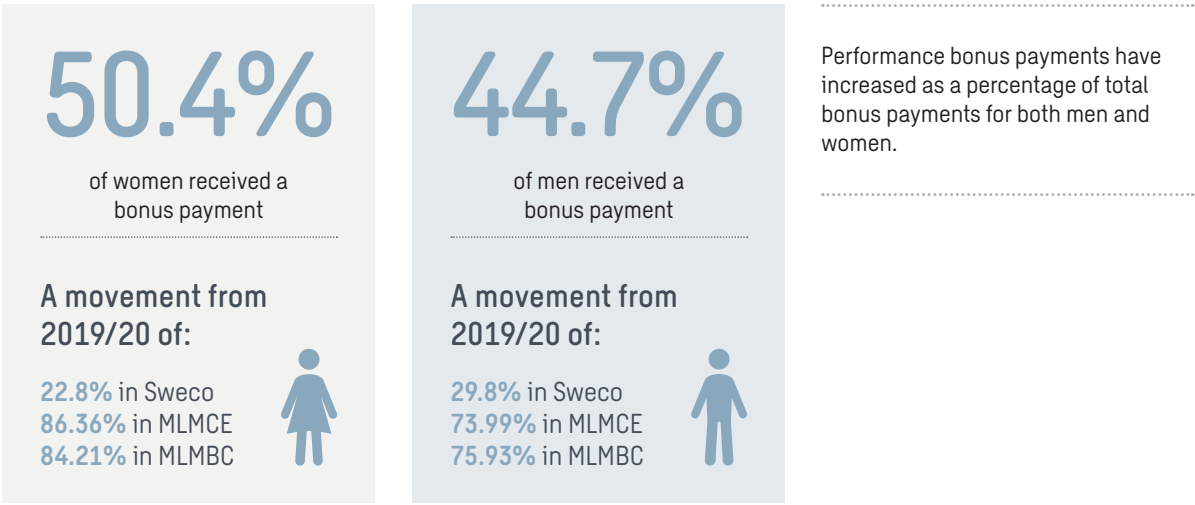
↘ **Decreased** proportion
of female promotions

The overall number of women in the upper quartiles has increased slightly but the **22.4%** reduction of women in the upper middle quartiles has negated any reduction to the mean and median hourly wage pay gap.

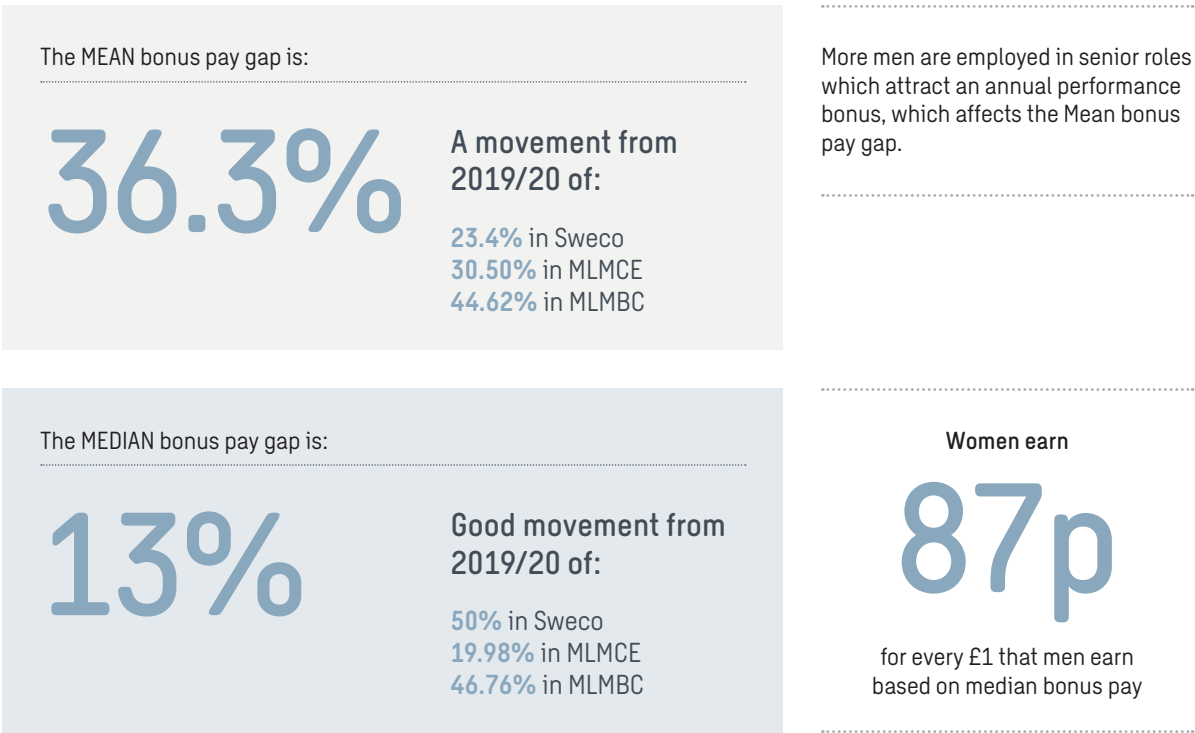
During the period of 2020-2021 there has been an increase in the proportion of female new starters into both the upper and upper middle quartiles which is positive progress.

The proportion of female promotions has remained the same for roles within the upper quartiles but has dropped for the roles that fall into the upper middle quartiles.

The number of women receiving a bonus payment



The bonus pay gap



Message from Max Joy, our Sweco UK President

This report is for the year April 2020 through to April 2021 which has been a tough year. We faced many challenges including navigating our way through a global pandemic whilst undergoing our integration activity. This severely impacted our ability to achieve our business growth plans and subsequently impacted our recruitment opportunities to attract and recruit more females to join the organisation together with providing opportunities for internal female progression.

We remain absolutely committed however, to closing the gender pay gap and as we move forward, we will continue to support and reinforce our commitment through our actions. In September 2020 we introduced our People Plan and during this reporting period we made some progress towards improving diversity. I am particularly encouraged by the work we have done to identify and implement ways to attract more women into our business and the positive progress in the number of females receiving a performance bonus for the 2020 performance year. This will continue to grow through the introduction of the bonus opportunity for all in 2021 payable in 2022.

We are making steady progress, but there is much more we must do. We will continue to actively engage with our people to ensure that the gender pay gap is reduced by attracting, developing and retaining a diverse population and promoting a working environment and culture where everyone can thrive.



Max Joy,
President Sweco UK

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.

This is our first Sweco UK Gender pay gap report that represents our overall combined business following the coming together of Sweco and MLM on the 1 April 2021.

The pay data used for calculation purposes is based on April 2021 and for the purpose of comparisons to 2020 reporting we have used the data available for each of the three previous employing entities - Sweco UK Ltd., MLM Consulting Engineers Ltd. (MLMCE) and MLM Building Control Ltd. (MLMBC) that now make up Sweco UK.

As at April 2021 the mean hourly wage pay gap is 23.6%, a change from (20.8% Sweco, 35.57% MLMCE, 54.74% MLMBC).

During the reporting period the COVID-19 pandemic severely impacted the levels of recruitment across all areas of the business. Out of 107 recruits, 31% were females during this period. Our overall percentage of females as at April 2021 was 28.2%.

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 have attracted more males than females. In this reporting period our gender pay gap has generally worsened due largely to a further increase in our male population following MLM joining our business.

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

Our mean and median gender pay gap position is illustrated in our data (see pay and bonus gap on page 10).

We are committed to make progress in this area although we recognise that there is 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 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.

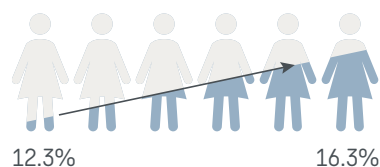
During 2021 we made some progress whereby we significantly increased the female proportion of our graduate intake to 49%.

We have also been working hard to identify and implement ways to attract more females into our business, particularly at a senior level and also to retain existing female employees and encourage their progression. Our progress on this from 2019 to 2021 is illustrated in the graphics below.

Proportion of females in our most senior levels:

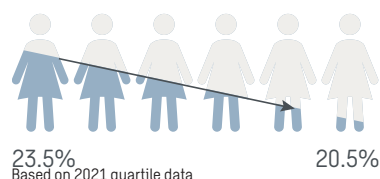
Upper Quartile Salary Band (2020-2021)

5 April 2020 - 5 April 2021



Upper Middle Quartile Salary Band (2020-2021)

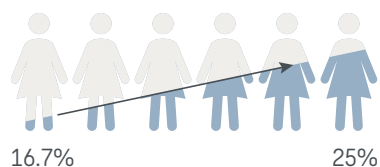
5 April 2020 - 5 April 2021



Proportion of female new starters:

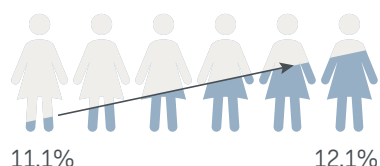
Upper Quartile Salary Band (2019-2021)

April 2019-2020 and April 2020-2021



Upper Middle Quartile Salary Band (2019-2021)

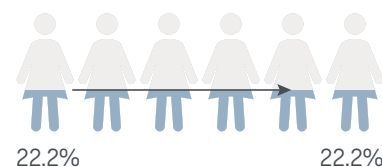
April 2019-2020 and April 2020-2021



Proportion of female promotions:

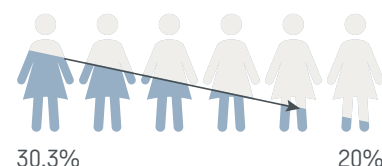
Upper Quartile Salary Band (2019-2021)

April 2019-2020 and April 2020-2021



Upper Middle Quartile Salary Band (2019-2021)

April 2019-2020 and April 2020-2021



Our commitment is also reflected in our 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, the behaviours expected of our people and what colleagues 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. These targets are outlined 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.

During 2021, we made a number of changes to our recruitment practices to support how we can recruit, attract and retain female talent, as detailed below:

- We have introduced a centralised resourcing team.
- Our resourcing partners work on providing shortlists with female representation.
- Aligning with the Disability Confident Scheme to reach out to a more diverse and inclusive audience.
- Wider promotion of internal roles with the development of an internal jobs board on our intranet.
- On International Women's Day, we posted blogs and articles on LinkedIn celebrating and promoting our female colleagues and their achievements.
- National Inclusion Week – internally and externally promoted showcasing the inclusiveness of the organisation.
- Use of more inclusive imagery on external adverts.
- Understanding the resourcing data more to identify 'hotspots' within the business.

- Updated our advertising streams (Glassdoor, Indeed, LinkedIn) with information that better represents the culture of the organisation.
- In addition, we launched and trained our managers and colleagues on 'Flexworks'. Our hybrid way of working between the office and home, to enable our colleagues to work in a flexible and agile way.

Our Diversity & Inclusion group is now made up of members who represent our colleagues, and our group includes Max Joy, Sweco's UK President as the Leadership Team representative.

To support our priority to build an inclusive and diverse workforce, the Diversity & Inclusion Group has developed a three-year plan to 2023. This outlines the key initiatives across the three areas of focus that are highlighted in the graphic on page 8.

In 2020 Sweco also signed up to the government's Disability Confident scheme and we aspire to gain Leader status by 2023 for which we are on track to achieve.

External opportunities to close our gender pay gap

Workforce⁴

The number of females in core-STEM³ roles has grown steadily. By September 2020, there were more than 1 million females working in core-STEM roles within the UK, which increased the percentage of women to 24.2%. To further improve this position active measures are required to ensure we move towards a better representative balance across this critical sector.

Education⁴

In 2021 girls continued to outperform boys in core-STEM A-levels with 52.2% awarded A or A* across all subjects. Girls also outperformed boys in maths for the first time, with 29.1% of girls being awarded A*. Despite this boost in performance, the numbers of girls taking STEM subjects as a percentage of the total in 2021 remains largely unchanged.

The number of core-STEM female higher education qualification achievements increased between 2018 and 2019, continuing the trend of recent years. However, the percentage of core-STEM graduates who are female has stalled at 26%, as the number of male achievements has also increased. The percentage of female graduates who received a core-STEM qualification has remained at 9%, as it was in 2018. By way of comparison, 33% of males who received a higher education qualification in 2019 graduated in a core-STEM subject.

This demonstrates that the potential pipeline for female engineers has remained static and therefore we continue to recruit from a scarce supply.

We will always base our decisions on recruitment and progression on merit alone, and so the initiatives outlined on page 8 focus on how we can attract a more diverse pool of talented candidates, and encourage more females to apply for our senior roles.



³ Science, Technology, Engineering and Mathematics (STEM).

⁴ 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

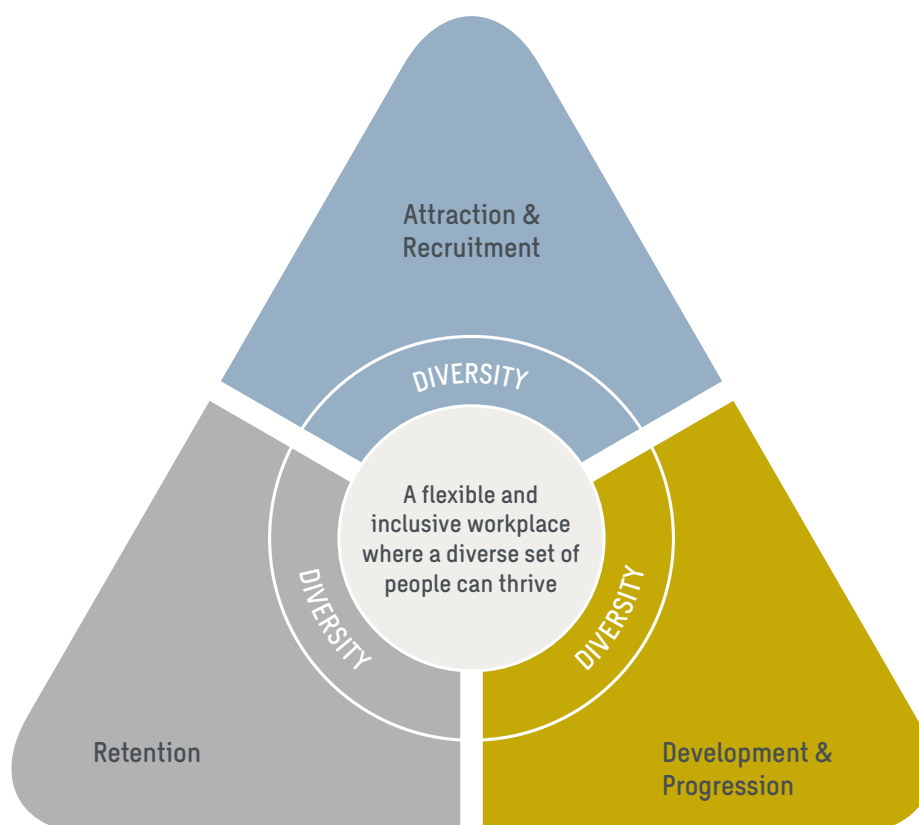
Retention

- 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 expected 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 HR Business Partner roles to further develop the skills of our line managers in the divisions



Understanding our bonus pay gap

The proportion of females receiving a bonus from the 2020/21 bonus year was 50.4%, this is a movement from 2019/20 of (22.8% Sweco, 86.36% MLMCE, 84.21% MLMBC).

The proportion of males receiving a bonus was 44.7% which is a movement from 2019/20 of (29.8% Sweco, 73.99% MLMCE, 75.93% MLMBC).

The data shows that the mean bonus pay gap at 36.3% has generally increased (slight reduction in MLMBC) but the median bonus pay gap has reduced across all three parts of the business to 13%.

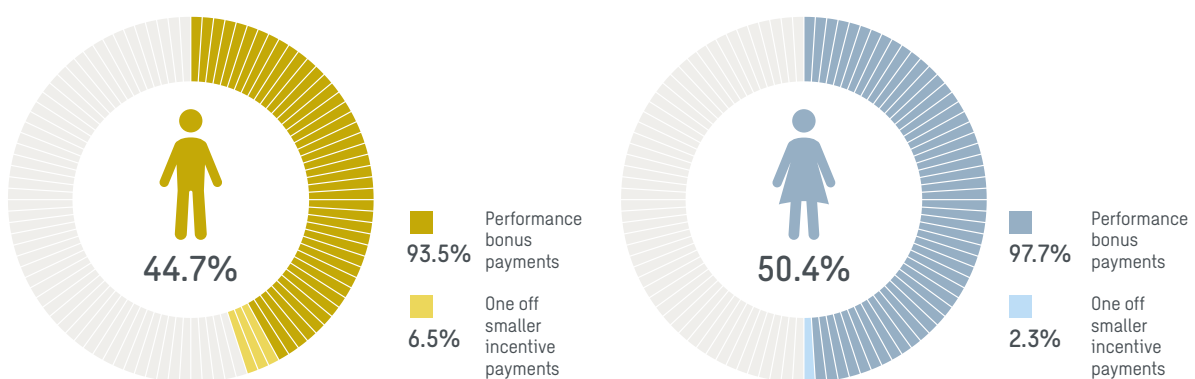
As part of our reporting calculations, we are required to include performance bonuses, and also smaller, one-off incentives, for example Finders' Fees.

In 2020/21, the proportion of performance bonuses paid to females was 97.7% which is positive, in comparison to 93.5% of performance bonuses received by males.

The reason for the bonus pay gap disparity is because more males are employed in senior roles which attract an annual performance bonus, which affects the bonus pay gap. The 2020/21 bonus scheme in Sweco applied to senior grades only, and was based on the performance of the division in which the employee works, however within MLM all eligible employees were paid a bonus.

We have recognised the need for an inclusive reward scheme and we have updated our bonus scheme to include all eligible colleagues. These bonuses will be paid in April 2022, subject to performance, and will impact the bonus pay gap reporting from 2023.

The proportion of men and women receiving a bonus payment, including one off incentive payments, in the year up to 5 April 2021 (2020/21 performance year) is as follows:



Of the employee population, 44.7% of men received bonus payments and 50.4% of women received bonus payments.

Performance bonus pay gap

	All payments classified as 'bonus'	Performance bonus in isolation
Mean difference	36.3%	38.8%
Median difference	13%	15.4%

Based on the Mean and Median calculations, these figures show how much less in percentage terms women received as a bonus payment than men.

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.

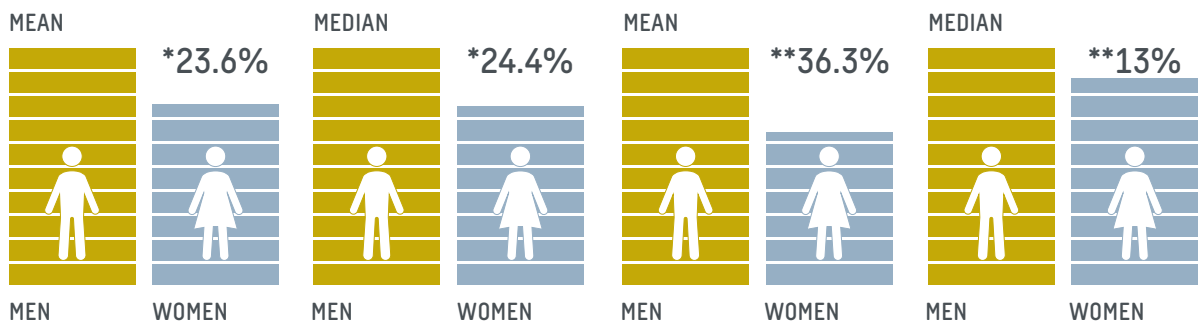
Hourly rate

At the snapshot date of 5 April 2021 (April 2021 pay period)

Mean difference on 2020 data	Median difference on 2020 data	Mean difference on 2020 data	Median difference on 2020 data
20.8% Sweco 35.57% MLMCE 54.74% MLMBC	14.70% Sweco 33.58% MLMCE 48.19% MLMBC	23.4% Sweco 30.50% MLMCE 44.62% MLMBC	50% Sweco 19.98% MLMCE 46.76% MLMBC

Bonus pay

In the year up to 5 April 2021 (2020 performance year)



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.

*Based on the Mean and Median calculations the above figures show how much less in percentage terms women earn per hour than men.

**Based on the Mean and Median calculations the above figures show how much less in percentage terms women received as a bonus payment than men.



Pay quartiles

The proportion of men and women in each quartile:

	Men	Women	% difference in number of women from 2020
Upper quartile	83.7%	16.3%	+2.13% ▲
Upper middle	79.5%	20.5%	-22.4% ▼
Lower middle	66%	34%	+1.02% ▲
Lower quartile	56.1%	43.9%	-4.55% ▼

	Mean pay gap by quartile (April 2021)
Upper quartile	6.41%
Upper middle	-0.38%
Lower middle	0.26%
Lower quartile	2.74%

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 above illustrates the gender distribution at Sweco across four equally sized quartiles based on hourly rates of pay, each containing just over 287 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 women in the upper quartile has increased by 2.13% which is some progress, however the percentage of women in the upper middle quartile has reduced by 22.4%. Of the top 25 highest paid colleagues in the business, only two are women.

Appendix 1

Build an inclusive and diverse workforce				
Targets		2021	2022	2023
	Females in G1-4	>20%	>25%	>30%
	Ethnically Diverse	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%

* 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.

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