

Gender Pay Gap Report

Sweco UK report for
April 2022 data



Message from Max Joy

This report is for the year April 2021 through to April 2022. We faced many headwinds during this reporting period, which included our continued navigation through the global pandemic and our integration with MLM. This was also exacerbated by a very challenging recruitment market, which impacted upon our ability to retain, attract and recruit the talent we require to succeed.

During this reporting period I am particularly pleased that our overall percentage of females increased from 28.2% to 29.7%. This compares positively to the percentage of females in core-STEM¹ roles in the UK, which is 26.9%. I am encouraged by the continued work we have done to identify and implement ways to retain our talent. We have also made some progress to reduce the bonus pay gap, which is a positive improvement upon the previous year's report. We have already communicated that we recognise the need for an inclusive reward scheme, and we have now updated our bonus scheme to include all eligible colleagues. These bonuses, which were paid in April 2022, will impact the bonus pay gap from this year onwards and we will report upon this in next year's report.

We have not made as much progress as we would have liked on the number of women in the upper quartile salary range and the number of female new starters and promotions into the upper quartile salary range. We must, and will, do more to improve this situation.

We remain absolutely committed to closing the gender pay gap and as we move forward, we will continue to support and reinforce our commitment through our actions. We will actively engage with our people to ensure that the gender pay gap is reduced by retaining, attracting and recruiting the best people, working within a diverse and inclusive culture, where everyone can thrive and be the best they can be.

Max Joy OBE CEng FIMechE
President Sweco UK



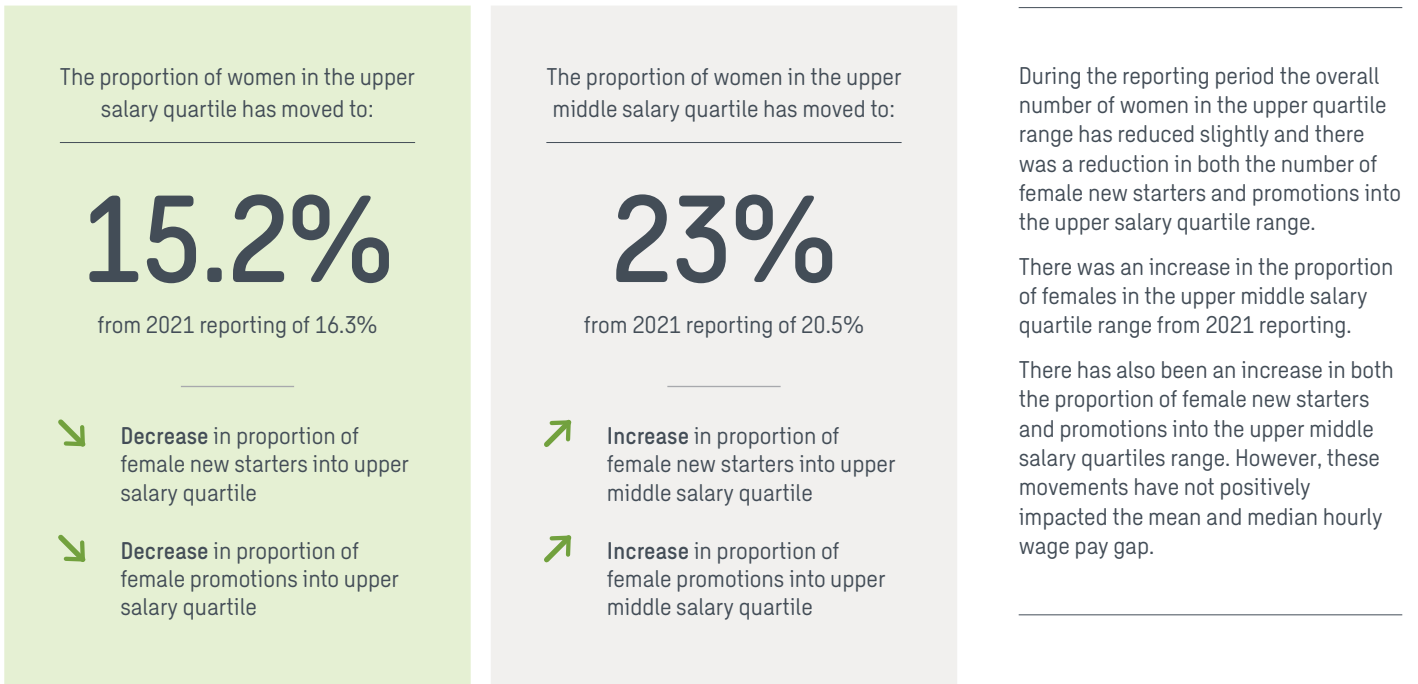
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Executive Summary

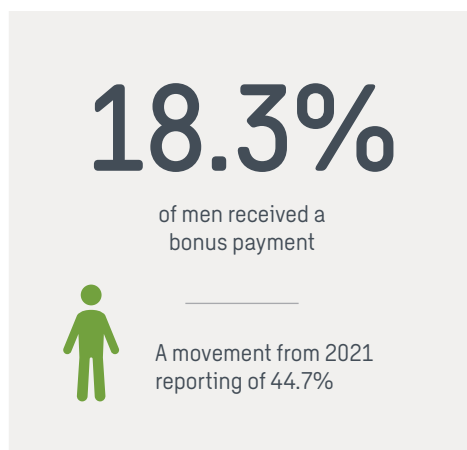
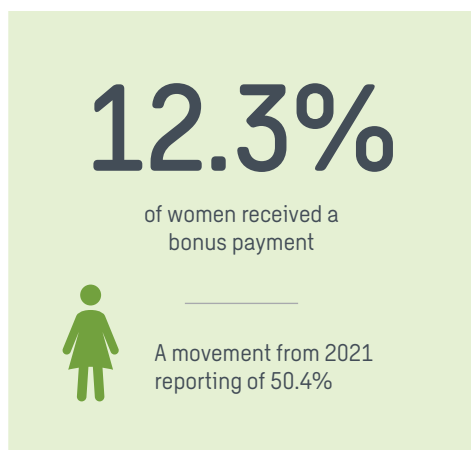
The hourly wage pay gap



The proportion of women in the upper and upper middle salary quartiles



The number of women receiving a bonus payment



The number of both males and females receiving a bonus payment in this reporting period has reduced from last year's reporting.

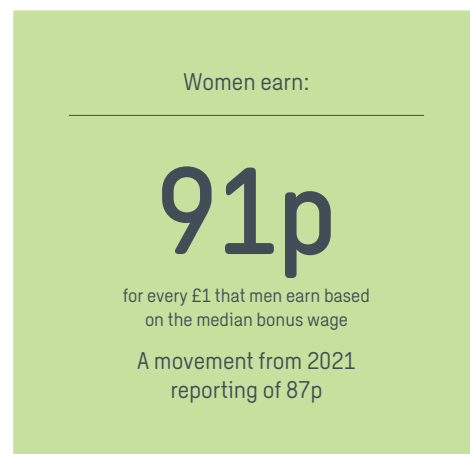
This reduction reflects that the business performance in 2021 was not as strong as in the previous year. The proportion of females receiving a bonus payment reduced as there were less females in the business units that achieved their performance targets.

Note

As per the government guidelines, the bonus calculations relate to bonus payments made during the period April 2021 to March 2022.

Due to the integration of MLM Group into Sweco from 1 April 2021, annual business performance bonus payments were paid to heritage MLM colleagues prior to this reporting period and therefore only annual business performance bonus payments for heritage Sweco colleagues have been reported in this gender pay year. As a result of this when reviewing the position in comparison to the previous year it is not a complete picture.

The bonus pay gap



More men are employed in senior roles which attract an annual business performance bonus, which affects the mean bonus pay gap. However, both the mean and median bonus pay gaps are showing a reduction which is a positive improvement based on last year's reporting.

This report includes pay & bonus data for all colleagues employed by Sweco based in England, Scotland & Wales. Whilst Building Control is a separate legal entity with less than 250 employees and is therefore not required by the UK Government to report their gender pay data, the colleague pay data is included in this report as it is good practice to review and report on the gender pay reporting for all colleagues. Pay data for colleagues employed in Ireland is excluded as they are out of scope of the UK Government reporting.

Introduction

We are committed to creating a diverse and inclusive culture. This will allow our people to thrive, enhance our client focus and improve our business performance.

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

The pay data used for calculation purposes is based on data as at April 2022.

In this reporting period, our mean and median gender pay gap has generally worsened due largely to more males than females being recruited and being promoted during this reporting period into our more senior positions.

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 that we could bring into our organisation.

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.

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.

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

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.

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 pages 9 to 11).

Our overall percentage of females as at April 2022 increased to 29.7% from 28.2% in last year's reporting.

Out of 274 new recruits during the reporting period, 34% were females which is an increase from last year's position of 31%.

In 2022, we recruited 45 graduates, of which 27% were female. Whilst this is lower than the previous year, this is due to the candidate population for the disciplines for which we were recruiting being predominantly male.

We have been working hard to identify and implement ways to attract more females into our business, particularly at a

senior level and also to encourage the progression of existing female colleagues.

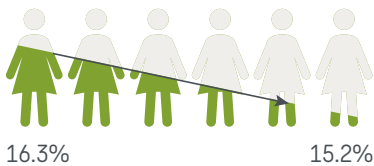
Whilst the number of females in our upper quartile salary range has reduced during the last year, we have made some positive progress in the proportion of females sitting in our upper medium salary range. We have also witnessed an increase to the number of females recruited and promoted to roles within the upper middle salary range.

This progress is illustrated in the graphics below.

Proportion of females in our most senior levels:

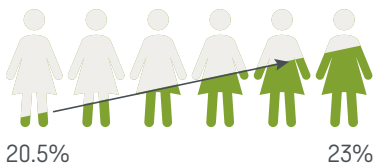
Upper Quartile Salary Band (2021-2022)

April 2021 - April 2022



Upper Middle Quartile Salary Band (2021-2022)

April 2021 - April 2022

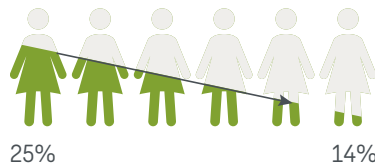


Based on 2022 quartile data

Proportion of female new starters:

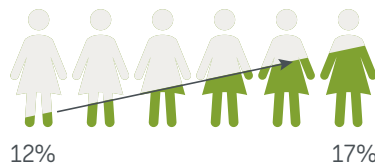
Upper Quartile Salary Band (2020-2022)

April 2020-2021 and April 2021-2022



Upper Middle Quartile Salary Band (2020-2022)

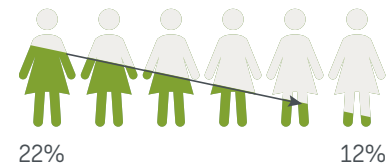
April 2020-2021 and April 2021-2022



Proportion of female promotions:

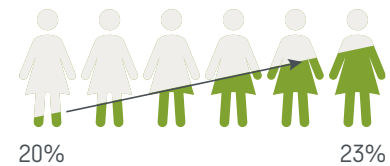
Upper Quartile Salary Band (2020-2022)

April 2020-2021 and April 2021-2022



Upper Middle Quartile Salary Band (2020-2022)

April 2020-2021 and April 2021-2022



Our commitment is also reflected in our People Plan, where the primary strategic objective is to retain, attract, and recruit the best people where everyone can thrive. We have five people priorities which are shown on page 7.

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.

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

Our 5 people priorities



Build an inclusive workplace where a diverse set of people can all thrive.



Create a high quality end to end recruitment and onboarding approach.



Give all of our people access to high quality training and learning opportunities focused on accelerating the Sweco Model and personal career progression.



Develop and launch a more competitive and flexible reward package.



Build the capability of our line managers and project managers through training, coaching and mentoring.

During 2021 and 2022, we continued to build on the changes made to our recruitment practices to support how we recruit, attract and retain female talent, as detailed in last year's report.

In addition we have:

- Developed and launched a Menopause Policy to generate awareness and upskill managers. We also launched a Menopause e-learning module, internal blogs on menopause and the provision of free sanitary products in our offices.
- We continue to share female thought leadership stories externally via LinkedIn that highlight Sweco as an employer of choice.
- Through the work of our STEM Ambassadors we have increased our visibility as an employer at schools and colleagues and furthermore encouraged school leavers to enrol in STEM-related subjects.
- The Resourcing Team continue to promote the use of competency-based interviews focusing on objective assessment against Sweco Behaviours as well as technical expertise. The Sweco Behaviours form an integral part of our induction and graduate programmes.
- We have recruited two onboarding coordinators to facilitate and support new recruits into the organisation.
- We have introduced a LGBT+ & Allies group. Our goal is to make all colleagues from the LGBT community feel supported and able to bring their full selves to work at Sweco.

Our Diversity & Inclusion group is made up of colleagues from across the business including Max Joy, our 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.

In 2020, Sweco signed up to the government's Disability Confident scheme and we aspire to gain Leader status by 2024 for which we are on track to achieve. We have made great progress against the standards identified in the Disability Confident scheme and continue to work with other supporting bodies to achieve the award.



External opportunities to close our gender pay gap

The latest findings from the research published by WISE² on STEM sector workforce and STEM education are shared below.

Workforce

According to the latest government workforce data, the number of women working in core-STEM roles is continuing to grow 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%. This percentage climbed to 26.6% in December 2021 and further to 26.9% in June 2022. The sector is aiming for a target of 1.5 million women working in core-STEM by 2030. This would equate to 30% of the workforce being female.

Education

Following the Covid pandemic, 2022 was the first year students sat their GCSE exams under normal conditions. As such their results have been compared with the 2019 cohort as well as those who sat exams in 2021. When compared with 2019, the number of girls achieving the highest grades in GCSE STEM subjects were universally up and although they were largely down on 2021, this is being considered as an anomaly since most students submitted coursework and did not sit exams during the pandemic.

In 2022 the number of girls taking A-Level STEM subjects increased by 2.5% compared with 2019. The number of A and A* STEM passes achieved by girls was down on last year, but up on 2019 – the last year students sat their exams in a hall.

New data released by charity EngineeringUK shows that with the current conversion rate from A Level to undergraduate study, around 150,000 girls would need to study A levels in maths or physics (or both), in order to reach equal numbers of male and female students studying engineering and technology degrees. This is a significant increase of around 115,000 girls compared to current numbers.

The report reveals that 23% of male students who studied A levels in maths or physics, or both, went on to study engineering and technology in higher education. However, just 8% of female students who took the same subject(s) went on to study engineering and technology degrees.

This translates to a stark gender divide, with only 18% of those studying undergraduate degrees in engineering and technology being female, compared to 57% for all degree subjects combined.

WISE CEO Kay Hussain said the figures are evidence of a “long road ahead”. She added:

“Studying STEM subjects at further education is a key route into a STEM career – it is therefore essential that we make these subjects more appealing to girls and young women.

“Given that A levels in maths and physics are often a prerequisite for such degrees, we need to do more to make sure these subjects are attractive and accessible to girls at school. Particularly given we know girls perform as well as boys, or even outperform them, in these subjects.”

These findings demonstrate 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 continually review and implement ways in how we can attract a more diverse pool of talented candidates, and encourage more females to apply for our senior roles.



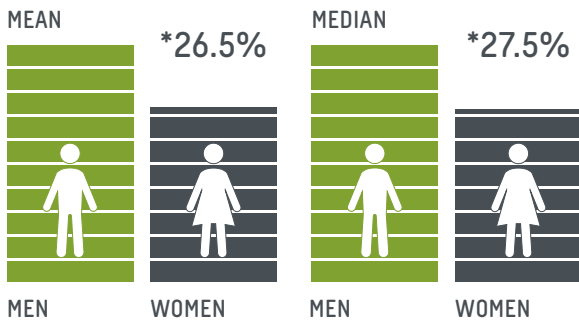
² Women in Science and Engineering (WISE).

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.

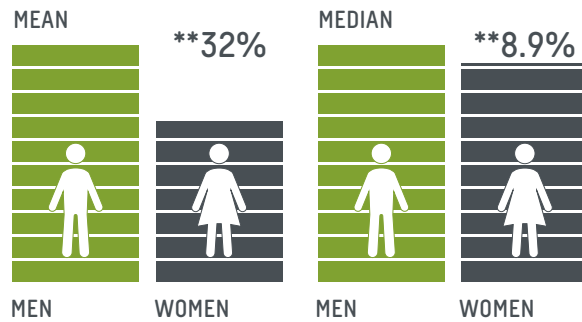
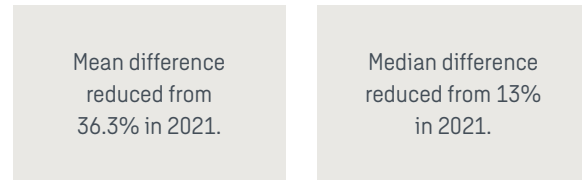
Hourly rate

At the snapshot date of 5 April 2022



Bonus pay

In the year up to 5 April 2022 (2021 business 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 2021
Upper quartile	84.8%	15.2%	-6.4% ↓
Upper middle	77.0%	23.0%	13.6% ↑
Lower middle	69.3%	30.7	-9.2% ↓
Lower quartile	53.4%	46.6%	7.2% ↑

	Mean pay gap by quartile (April 2022)
Upper quartile	13.37%
Upper middle	3.51%
Lower middle	3.01%
Lower quartile	1.42%

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 290 people. It also provides the pay gap for each quartile.

The number of women in the upper quartile has decreased by 6.4% however the percentage of women in the upper middle quartile has increased by 13.6%. Of the top 30 highest paid colleagues in the business, only two are women.

Bonus pay gap

The proportion of females receiving a bonus during the period April 2021 to March 2022 was 12.3%, this is a movement from the 2020/21 reporting of 50.4%.

The proportion of males receiving a bonus was 18.3% which is a movement from 2020/21 reporting of 44.7%.

The data shows that the mean bonus pay gap at 32% has reduced from the previous year to 36.3% and the median bonus pay gap has reduced to 8.9% from 13% in the previous year. These are both positive movements.

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

In 2021/22, the proportion of business performance bonuses paid to females was 76.7% which is slightly lower, in comparison to 77% of performance bonuses received by males.

The reason for the bonus pay gap disparity is generally because more males are employed in senior roles which during the snapshot period attracted an annual performance bonus and therefore affects the bonus pay gap.

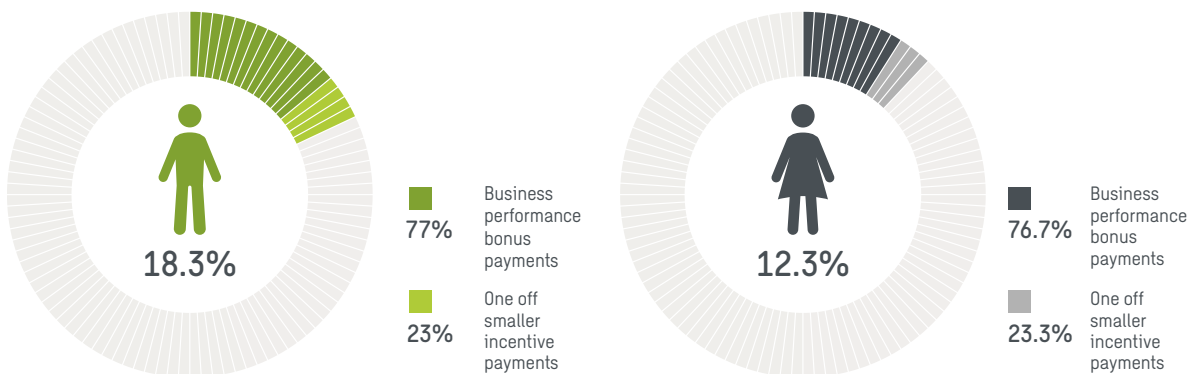
We have recognised the need for an inclusive reward scheme and we have updated our bonus scheme to include all eligible colleagues. These bonuses, which were paid in April 2022 and subject to business performance, will impact the bonus pay gap reporting from 2023.

Note

As per government guidelines, the bonus calculations included in the 2022 Gender Pay Gap Report relate to bonus payments made during the period April 2021 to March 2022.

Due to the integration of MLM Group into Sweco from 1 April 2021, annual business performance bonus payments were paid to heritage MLM colleagues prior to this reporting period and therefore only annual business performance bonus payments for heritage Sweco colleagues have been reported in this gender pay report. As a result of this when reviewing the position in comparison to the previous year it is not a complete picture.

The proportion of men and women receiving a bonus payment, including one-off incentive payments, in the reporting year up to 5 April 2022 (2021 business performance year) is as follows:



Of the employee male population, 18.3% of men received bonus payments and of the employee female population 12.3% of women received bonus payments.

Performance bonus pay gap

	All payments classified as 'bonus'	Business performance bonus in isolation
Mean difference	32%	35.1%
Median difference	8.9%	18%

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

Reg. Office Address: Sweco UK Limited, Grove House, Mansion Gate Drive, Leeds, LS7 4DN

+44 (0)113 262 0000 | info@sweco.co.uk | www.sweco.co.uk

Sweco UK Limited, a company incorporated in England & Wales (Reg. number 02888385)

