

Environmental Resources Management Limited

Gender Pay Gap Report

March 2019

The gender pay data in this report has been validated by Korn Ferry



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The business of sustainability

Introduction

Foreword

This report provides an update on the gender pay gap within Environmental Resources Management Limited (our UK company), reflecting the position on 5 April, 2018. The report also provides a summary of the actions taken during 2018, the outcomes and any further actions that will be taken during 2019 to continue to provide gender balance at all levels within the organisation.

Building an inclusive culture is a key priority for ERM. We launched a global strategy in 2018 that helps us adapt, educate and engage as a business, and build a company where everyone can bring their whole self to work. This journey will address many of the topics covered in this report.

In the UK business, the subject of this report, we have also identified a series of prioritised actions that we are pursuing to support us in closing our gender pay gap.



A handwritten signature in black ink that reads "Keryn James".

Keryn James
Group Chief
Executive Officer



A handwritten signature in black ink that reads "Peter Rawlings".

Peter Rawlings
Northern Europe
Managing Partner

Company Background

Environmental Resources Management (ERM) is a leading global provider of environmental, health, safety, risk, social consulting and sustainability related services. Employing over 5,000 staff worldwide, with over 300 people based in the UK, ERM has operated in the UK since 1971 and has been at the forefront of environmental and social consultancy. Our services to private and public sector clients offer a rare blend of technical and business management skills to help them understand and manage their environmental, health, safety, risk and social impacts. Sustainability and business are now inextricably linked and as an expert in sustainability, we play a role in helping companies achieve their objectives, with an understanding of how this impacts wider society and the environment.

Gender Pay Gap Legislation

The UK Government Equalities Office's Gender Pay Gap reporting regulations came into force in April 2017, and employers in the UK with 250 or more relevant employees are now required to publish mandatory information concerning gender pay.

This report enables ERM to meet its obligations to publish our overall mean (average) and median gender pay gaps, gender bonus gaps, gender distribution within salary quartiles and bonus-received proportion.

The gender pay gap is a measure of the difference between men's and women's average earnings across the organisation irrespective of their role or seniority, and is expressed as a percentage of men's earnings. Organisations such as ERM that have more men in senior roles and more women in junior roles are likely to have a gender pay gap.

It is important to note that gender pay is different to equal pay. Equal pay is defined under the Equal Pay Act as work of equal value, or 'like' work which is the same or broadly similar and

extends to the full terms and conditions of employment (ie basic pay, overtime rates, performance related benefits, hours of work, access to pension schemes, non-monetary terms, and annual leave entitlements).

This report provides data on ERM's gender pay gap as at 5 April, 2018 and describes how the company is actively taking steps to address the gender pay gap identified.

Population

Environmental Resources Management Limited is the only UK employing entity that falls into scope, as it employs more than 250 employees. No other UK-based ERM companies are covered in this report.

The legislation specifies a 'snapshot date' that employers must use as the basis for their data reporting. It also provides specific definitions for determining which employees are relevant for reporting purposes (a detailed glossary of definitions and terms is included in the Appendix).

As at the snapshot date (5 April, 2018), 345 employees fell into the scope of 'full-pay relevant employees' with respect to the calculation of hourly pay, and 369 people were in scope for bonus pay calculations. The difference is due to 24 people being excluded from the hourly pay calculations as they were not considered as full-pay relevant employees as per the legislation (for example, those receiving reduced pay for absence, such as sabbatical, maternity or unpaid leave).

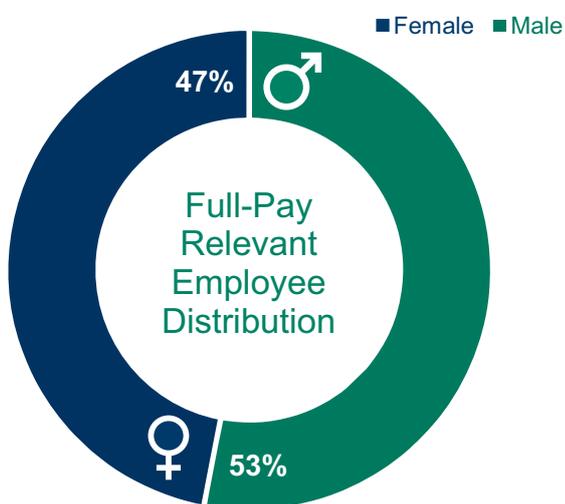
The data contained in this report has been reviewed and validated by a third party, Korn Ferry.

Hourly Pay Gap

Employee Distribution

This section refers to the population included in the hourly pay gap calculation, referred to as full-pay relevant employees.

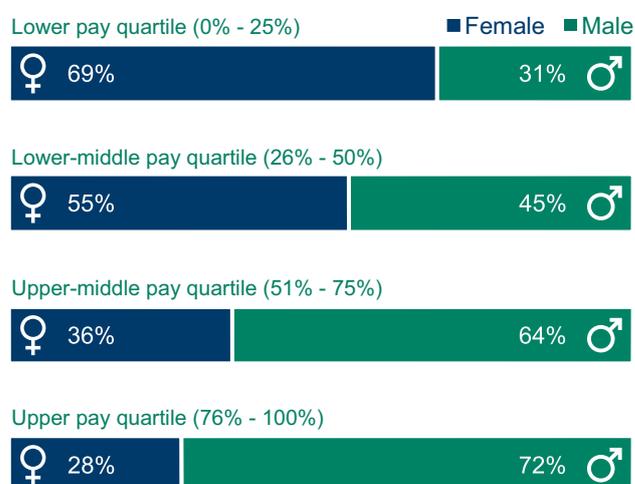
The graphic below shows the overall gender distribution of full-pay relevant employees within Environmental Resources Management Limited.



Overall gender distribution is slightly skewed towards full-pay relevant male employees.

Hourly Pay - Gender Split by Salary Quartiles

In order to understand ERM's gender pay gap, it is important to show the proportion of males and females in each pay quartile, presented in the charts below:



The lower and lower-middle pay quartiles see a larger percentage of females than males. This is reversed in the upper-middle and upper-pay quartiles. This is consistent with the prior year, and broadly comparable with what has been seen in other peer organisations.

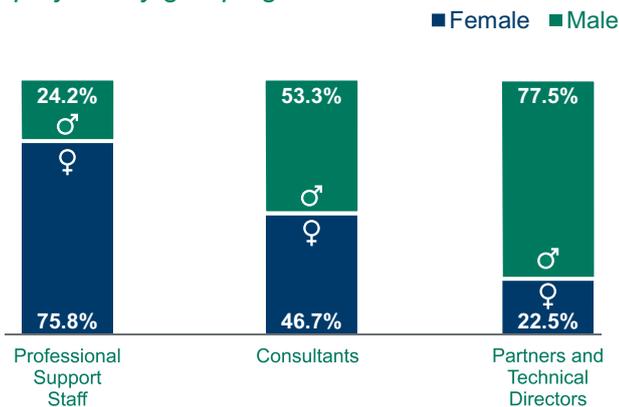
We believe a key reason for this distribution is the tendency towards male domination in the emerging environmental consulting sector. This is illustrated in our staff demographics where we see the more senior levels of our business being more male-dominated. We have more balanced gender distribution in the junior and mid consulting levels and we are confident over time we will see these trends start to manifest in the more senior levels, both due to the gender ratios being more even, and also through our commitment to support women as they progress in their careers to more senior levels.

Gender Distribution of Employees by Grouping

The following chart highlights the distribution of full-pay relevant employees, by gender across the different career level groups within ERM.

While the overall gender split is 47:53, the two most senior levels in the Company, (Technical Directors and Partners) consist of 77.5% male, and consequently the proportion of males in the uppermost salary quartile is 72%.

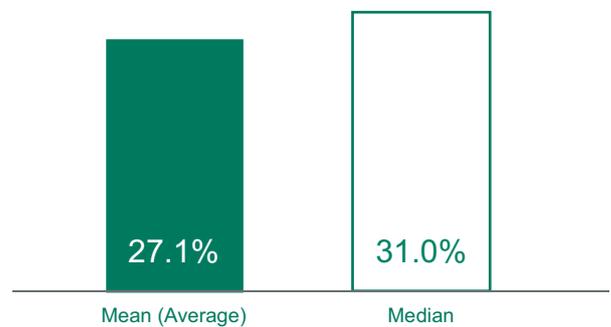
Proportion of male / female full-pay relevant employees by grouping



Hourly Pay Gap

The chart below shows the overall hourly pay rate gap for Environmental Resources Management Limited.

Hourly pay gender gap



The overall hourly pay rate gender gap across all levels is 27.1% (mean) and 31.0% (median), based on a population of 345 relevant employees. These percentage gaps are similar to last year.

The overall pay gap should be looked at in the context of the gender distribution analysis, where it is evident that we have significantly more men than women in senior levels (Partners and Technical Directors), and significantly more women in junior support roles.

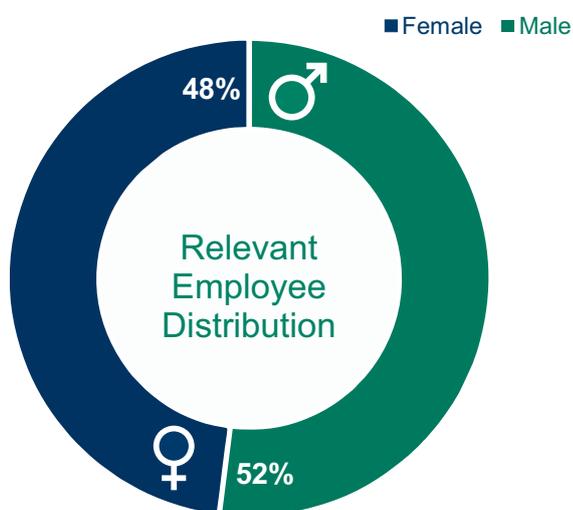
We recognise that addressing our current gender pay gap will take time. We are committed to supporting the growth and development of our female staff, as well as encouraging more female hires at senior levels. We are already making good progress in these areas as evidenced by the gender distribution of our more senior promotions and talent management programmes this year.

Whilst we are able to attract a balanced number of males and females at the lower career levels, the balance changes as one proceeds up the hierarchy, where there are fewer females operating at this level in the talent market. As is typical with STEM-related businesses, this has impacted on our ability to recruit more senior female candidates into the organisation. We are partnering with industry and professional organisations, which will assist us in identifying more senior female talent.

Bonus Pay

Employee Distribution

The graphic below shows the overall gender distribution for bonuses for relevant employees within Environmental Resources Management Limited.



Overall, the gender distribution for bonuses is slightly skewed towards relevant male-employees bonus pay and the gender distribution is the same as last year.

Percentage of Males and Females Receiving a Bonus

The percentage of employees receiving a bonus (male and female) is higher than the previous year due to an increase in staff. The proportion remains consistent between genders, although slightly more males received a bonus.



of Females received a bonus

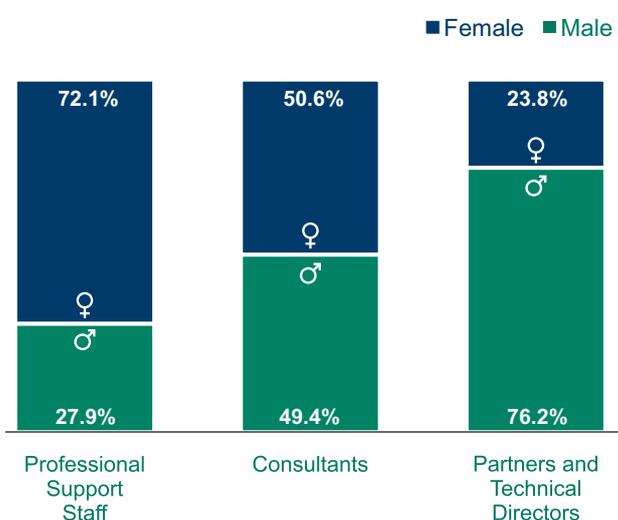


of Males received a bonus

Only jobs that received a bonus have been included in the bonus pay gap analysis (i.e. where no bonuses were awarded, this was not taken into consideration for the purposes of calculating average bonuses).

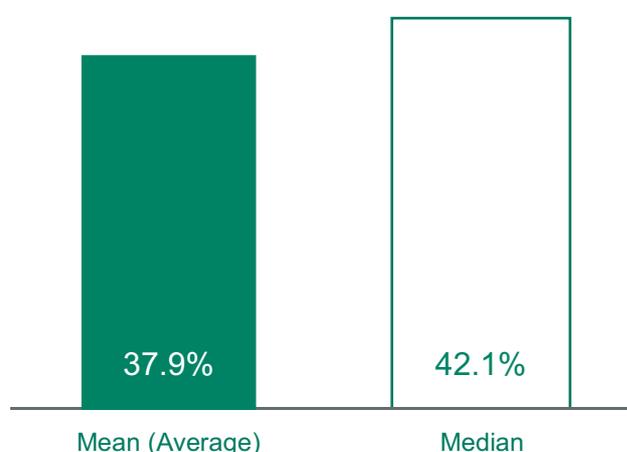
Gender Distribution of Bonus Pay by Grouping

The following chart shows the distribution of gender within each grouping of employees relevant to bonus pay eligibility.



Bonus Pay Gap

The chart below shows the overall bonus pay gap.



The bonus pay gap between males and females (across all levels) is 37.9% (mean) and 42.1% (median).

This is higher than the previous year and reflects the fact that there are significantly more males in senior roles than females within the relevant employee population receiving a bonus during 2018 compared to 2017. We saw a net increase of nine male Partners and one female Partner who received a bonus in this reporting period compared to last year's report. Other reasons for the increase include date of hire which impacts bonus eligibility, salary sacrifice into pensions and part-time working. For example, there were 14.6% females and 5.4% males that were not working full time hours as at the snapshot date.

Conclusions & Commitments

Conclusions

The key conclusions of this report are:

- ERM continues to have a pay gap (for hourly and bonus pay) in its eligible UK business.
- The bonus pay gap increased from last year due to a net increase on previous year of male Partners who received bonuses in this reporting period.
- This gender pay gap continues to be driven by the gender distribution of employees. We continue to attract more female staff in junior roles and more males into senior consulting roles.
- ERM expects to continue to have a gender pay gap until such time that there is a more even gender split across the senior levels within the organisation.

UK Commitments

ERM is committed to addressing the gender pay gap and will do so through its broader global commitment to diversity and inclusion (see next section), as well as specific actions we are taking within our UK business.

Key to closing our gender pay gap is ensuring we have increasingly more women in senior leadership roles. We recognise that it will take time as we encourage and support the demographic changes we need to see at our more senior levels. We have a series of commitments to push this agenda forward as follows:

- Recognising the longer timeframe it will take to materially close the gap, we have created a series of medium and long term goals.
- Whilst hiring females into senior roles continues to be a challenge, we are supporting our efforts with gender-neutral recruitment processes. We are also implementing actions that focus on developing and promoting female employees from within the organisation. These include:

- A number of our female colleagues

participated in our Women in Leadership Programme.

- Targeted development opportunities are being offered to our top female talent with the aim to fast track their development to the next career level.
- We have a strong pipeline of women in our Path to Partnership Leadership development programme.
- We continue to focus on attracting suitably qualified senior female candidates, working with external agencies when necessary.
- We will continue to support modern working in order to attract and retain females at all levels.

ERM's UK gender pay gap will continue to be monitored and published in coming years and we will hold ourselves to account to ensure that:

- We make a concerted effort to create more diversity at Partner level, by focusing on our Path to Partnership promotion pipeline and targeted external recruitment.
- Our talent management and recruitment processes are inclusive and aim to reflect the diversity of existing employees and the geographical talent markets in which we source candidates.
- We see annual improvements in our diversity scores in our Employee Survey, as well as external benchmarking.
- We continue to develop collaborative relationships with external organisations that support our diversity and inclusion agenda and will enable more females to progress to more senior roles.

Taking Action: Diversity and Inclusion at ERM

We have outlined in the previous section our UK-specific commitments, however we also have overarching diversity and inclusion actions and commitments that we are pursuing at the global level.

Global Inclusion Action Plan

ERM's 2018 Gender Pay Gap Report outlined the company's commitment to diversity and inclusion. In that report, we outlined elements of our Global Inclusion Strategy and Action Plan, part of which aims to address gender balance at all career levels within the organisation. These are outlined below with an update on progress against these actions:

- The implementation of awareness training.
- The development and implementation of a Women in Leadership programme.
- Development of more gender-balanced recruitment through examination of our internal and external recruitment practices and policies to ascertain whether there are any barriers to females progressing.

Progress against our Global Inclusion Action Plan

The following is an update on our progress against the 2018 action plan:

- ERM's 'Building an Inclusive Culture' e-learning module was launched in April 2018. This provides the foundation of all activities and actions relating to our global Inclusive Culture strategy and plan.
- Guidelines for diverse and inclusive recruitment have been developed and rolled out globally to senior leaders, with training sessions delivered to the global HR community. The guidelines are intended to ensure that ERM's approach avoids bias and seeks diversity during the recruitment and selection process.

- The initial module of the Women in Leadership Programme has been developed and is currently being piloted. The full programme is being developed in parallel for wider release across the business during 2019.
- During our 2018 annual salary review process, conducted in May/June, we ensured that a proper review was conducted to address any gender pay gaps.
- Increased promotions at all levels during 2018 enabled us to increase the number of females at the senior levels. Whilst we have made some progress, this continues to be a priority during 2019.

Appendix

Definitions*

Snapshot date

Gender pay gap calculations are based on figures drawn from a specific date each year called the 'snapshot date', which is 5 April.

Relevant and full-pay relevant employees

- All employees employed by Environmental Resources Management Limited on the snapshot date are referred to as 'relevant employees'.
- All employees who were paid their usual full pay in their pay period that included the snapshot date are referred to as 'full-pay relevant employees'.

Ordinary pay

Ordinary pay includes any monetary payment such as:

- Basic pay
- Allowances (such as overseas allowance payments)
- Pay for leave

Gross figures are used:

- Before tax and any deductions for employee pension contributions
- After any deductions for salary sacrifice

Bonus Pay

Bonuses include any rewards related to:

- Annual performance bonus
- Ad hoc bonuses, including referral bonuses, global recognition, thank you and service excellence awards

Hourly pay rate

- Add together each employee's ordinary pay and any bonus pay
- Divide the total by the 'appropriate multiplier' – this gives you the employee's average weekly pay
- The specific 'appropriate multiplier' for monthly pay periods is 4.35 (30.44 days divided by 7)
- Divide the result for each employee by the number of their weekly working hours – this gives you the employee's average hourly pay rate

Mean (Average)

The arithmetic mean obtained by adding several quantities together and dividing the sum by the number of quantities.

Median

50th percentile, which divides the upper 50% from the lower 50% of data.

Proportion of males and females receiving a bonus payment

Number of male relevant employees who received a bonus divided by the total number of male relevant employees. Number of female relevant employees who received a bonus divided by the total number of female relevant employees.

Salary Quartiles

The proportion of male and female full-pay relevant employees in four pay bands.

- Full-pay relevant employees are ranked from highest to lowest paid
- Divided into four equal parts ('quartiles')
- The percentage of men and women is calculated in each of the four parts

*These definitions draw upon information provided on the GOV.uk gender pay website. For further details on the methodology used refer to www.gov.uk/guidance/gender-pay-gap-reporting-overview

