

Environmental Resources Management Limited

Gender Pay Gap Report

February 2020

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, 2019. The report also provides a summary analysis of some of the factors that contribute to the findings presented in this report.

As previously reported, we remain committed to building an inclusive culture across 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. Our commitment to this continues.



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

Keryn James
Group Chief
Executive Officer



A handwritten signature in blue ink that reads "Vincent Sauvaire".

Vincent Sauvaire
Interim Northern Europe
Managing Partner

Company Background

ERM is a leading global provider of environmental, health, safety, risk, social consulting services and sustainability related services. We work with the world's leading organizations, delivering innovative solutions and helping them to understand and manage their sustainability challenges. As at April 2019, ERM employed over 5,600 staff worldwide, with over 400 people employed by Environmental Resources Management Limited 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. "The business of sustainability" reflects what we do to support our clients as they strive to attain their business goals. 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, 2019.

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.

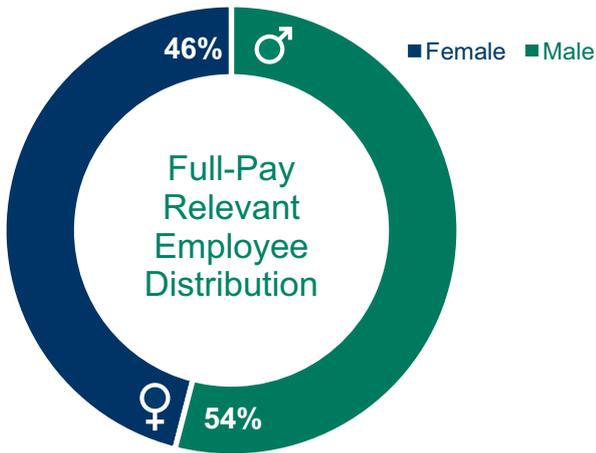
The legislation specifies a 'snapshot date' that employers must use as the basis for their data reporting. It also provides specific definitions for determining which employees are relevant for reporting purposes (a detailed glossary of definitions and terms is included in the Appendix).

As at the snapshot date (5 April, 2019), 404 employees fell into the scope of 'full-pay relevant employees' with respect to the calculation of hourly pay, and 440 people were in scope for bonus pay calculations. The difference is due to 36 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

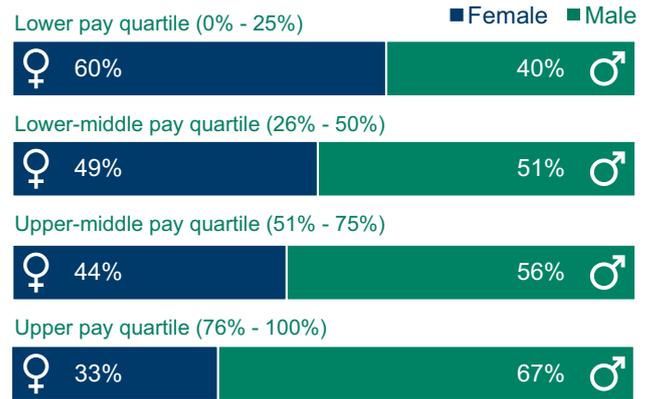


This section refers to the population included in the hourly pay gap calculation, referred to as full-pay relevant employees.

The graphic above 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



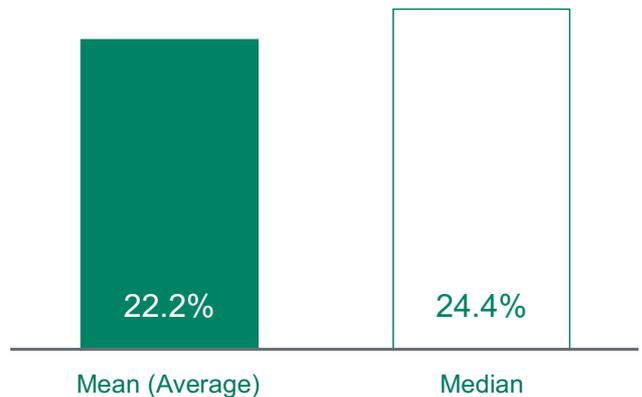
In order to understand ERM's gender pay gap, it is important to show the proportion of males and females in each pay quartile, presented in the charts above.

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. However, we have seen a shift in gender split in comparison to previous years, whereby we now have more males in the lower and lower-middle quartiles and more females in the upper-middle and upper quartiles. This is broadly comparable with what Korn Ferry has seen in other peer organisations.

Hourly Pay Gap

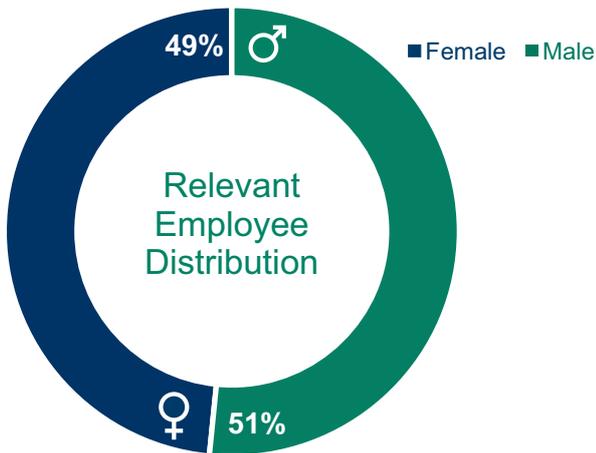
The chart to the right shows the overall hourly pay rate gap for Environmental Resources Management Limited.

The overall hourly pay rate gender gap across all levels is 22.2% (mean) and 24.4% (median), based on a population of 404 relevant employees. These percentage gaps show an improvement compared to previous years. We believe this is due in part to a focus on gender/equal pay during our annual pay treatment, as well as the positive change we have seen in the gender distribution in the salary quartiles. However, given that we continue to have more men than women in senior career levels and more women in junior support roles, we continue to see a gender pay gap.



Bonus Pay

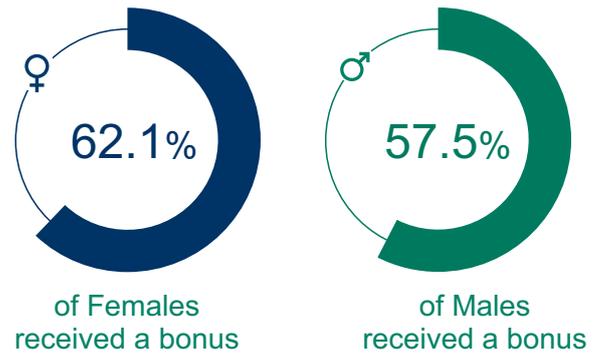
Employee Distribution



The graphic above 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 is consistent with last year.

Percentage of Males and Females Receiving a Bonus



The percentage of employees receiving a bonus (male and female) is lower than the previous year. This year more females received a bonus than males.

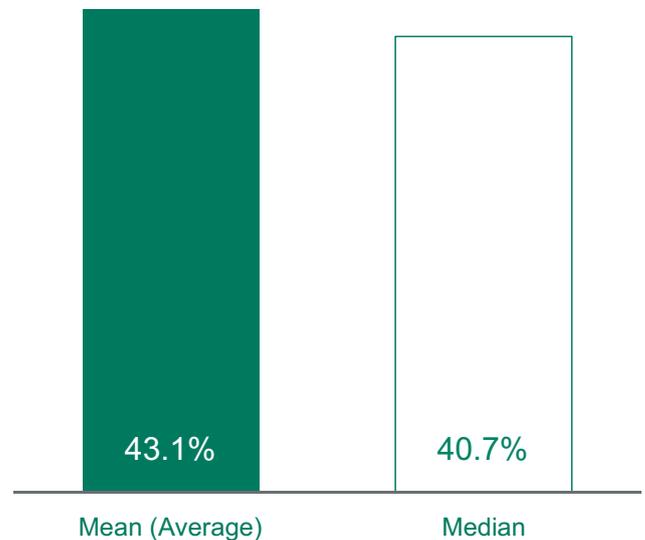
Only jobs that received a bonus have been included in the bonus pay gap analysis (i.e., where no bonuses were awarded, this was not taken into consideration for the purposes of calculating average bonuses).

Bonus Pay Gap

The chart to the right shows the overall bonus pay gap.

The bonus pay gap between males and females (across all levels) is 43.1% (mean) and 40.7% (median).

The mean (average) is higher than the previous year and reflects the fact that there are still significantly more males in senior roles than females within the relevant employee population receiving a bonus during the reference period. The median is lower than the previous year, which is due to there being more female employees at the junior career levels in the relevant employee population. Other reasons for a difference include date of hire which impacts bonus eligibility, salary sacrifice into pensions and part-time working. For example, there were 11.6% females and 3.7% 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.
- This gender pay gap has reduced in part due to a focus on gender/equal pay, but continues to be driven by the gender distribution of employees. We continue to have more female staff in junior roles and more males in senior consulting roles.
- More females than males received a bonus this year. However, the bonus pay gap increased from last year due to there being more males than females in senior roles and vice versa.
- 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 has a global commitment to diversity and inclusion, 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 need to 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:

- Continue gender-neutral recruitment processes and encourage hiring managers to review diverse slates of candidates.
- Focus on developing and promoting female employees from within the organization, both through participation in globally-led development programmes, as well as UK-specific talent development initiatives.
- Continue to support modern working in order to attract and retain females at all levels.

- Maintain our keen focus on balance during each pay review and address any gaps, as required.

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.
- Maintain scores above the 'professional services' norm for diversity-related scores in our Employee Survey [note the Northern Europe Business Unit was 10 points ahead in 2019].
- 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.

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. The reference period for this report is the 12-month period preceding April 2019.

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

