



Environmental Resources Management Limited

Gender Pay Gap Report

April 2024

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



INTRODUCTION



FOREWORD

This report provides information regarding the gender pay gap within Environmental Resources Management Limited (our UK Company), reflecting the position on 5 April, 2023. 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 global strategy continues to evolve and our commitment to this continues.



Tim Strawn

Regional CEO, Europe, Middle East and Africa and acting Business Unit Managing Partner,
Northern Europe

COMPANY BACKGROUND

ERM is the world's largest pure play sustainability consultancy. We work with the world's leading organizations, delivering innovative solutions and helping them to understand and manage their sustainability challenges. As at April 2023, ERM employed over 7,000 staff worldwide, with around 600 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 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 (i.e. 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, 2023.

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).

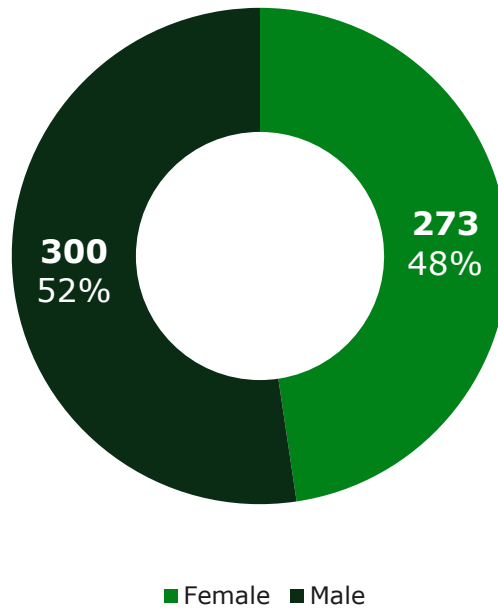
As at the snapshot date (5 April, 2023), 573 employees fell into the scope of 'full-pay relevant employees' with respect to the calculation of hourly pay, and 604 people were in scope for bonus pay calculations (bonuses paid in the 12 months prior to the snapshot date). The difference is due to some 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).

In alignment with current requirements for gender pay gap reporting, gender must be reported in a binary way, recognising only men and women. This means the gap does not take into account non-binary or other identities.

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

EMPLOYEE DISTRIBUTION

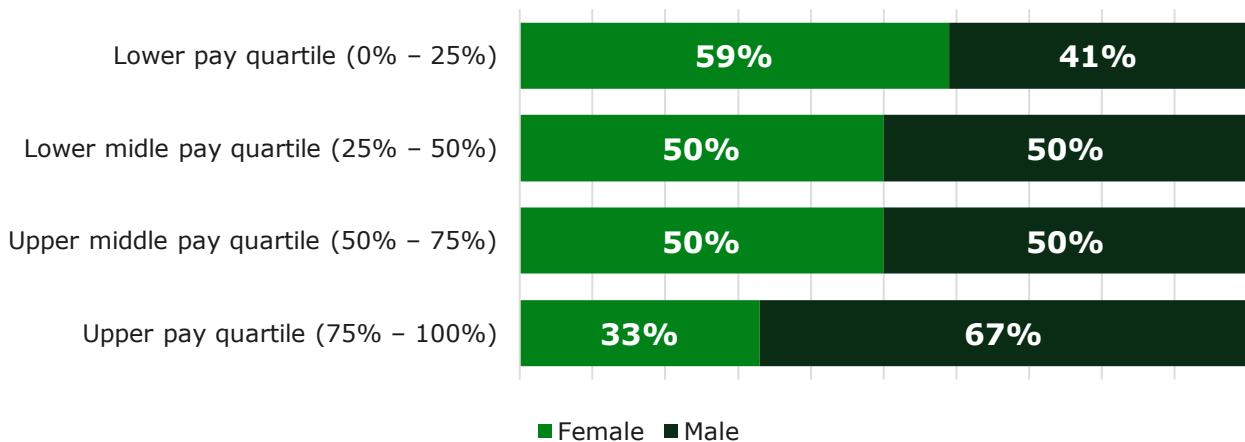
Full-pay relevant employee distribution



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 within ERM remains consistent with previous years showing an even distribution of female to male full-pay relevant employees with a slight skew towards male employees.

HOURLY PAY – GENDER SPLIT BY SALARY QUARTILES

Salary quartile distribution by gender

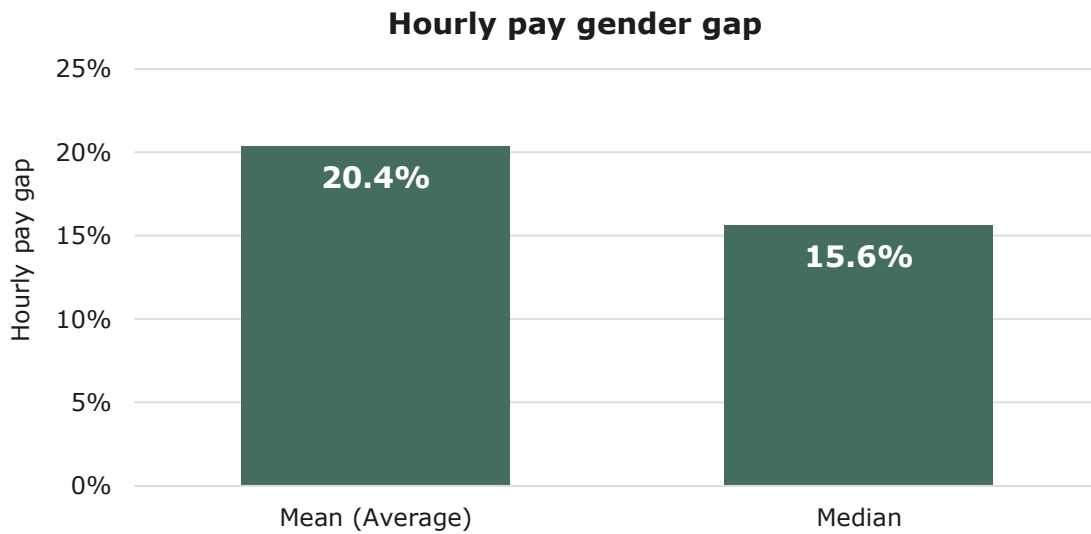


In order to understand ERM's gender pay gap, it is important to show the proportion of males and females in each pay quartile, presented in the charts above.

Salary quartile distribution continues to show more females in the lower quartile in comparison to males. Distribution is even at the lower middle and upper middle quartiles. On a positive female distribution is significantly higher in the upper pay quartile than in previous years. This will be one of the drivers of the closing of the pay gap at an overall level.

HOURLY PAY GAP

The chart to the below shows the overall hourly pay rate gap for Environmental Resources Management Limited. It's important to note that this overall gap can be heavily driven by the distribution of gender within company levels.



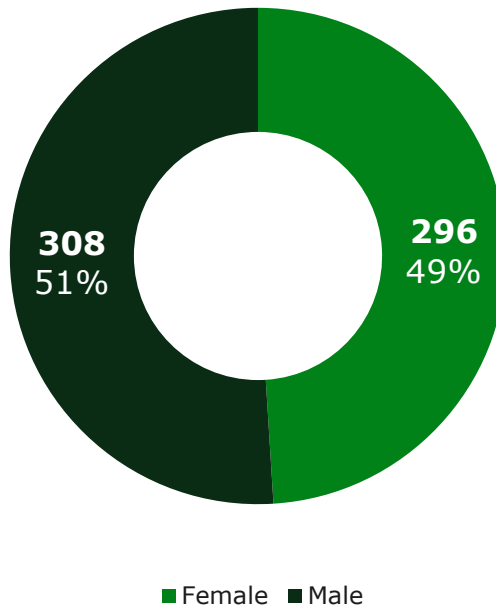
Both pay gap average and median are lower than last year. The pay gap average has fallen 2.3% and is down to 20.4%, the median pay gap, 4.3% lower at 15.6%.

The overall Hourly pay rate gender gap for ERM at 20.4% (Mean) and 15.6% (Median) is greater than the reported UK gender pay gap of 14.3%* for all staff. The overall gender pay gap at ERM is predominantly due to the disproportionate number of males to females in the CL4-5 and Partner levels.

*<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2023>

EMPLOYEE DISTRIBUTION

Relevant employee distribution



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

PERCENTAGE OF MALES AND FEMALES RECEIVING A BONUS



Only jobs which received a bonus have been included in the Bonus gap analysis. The chart below shows the proportion of males and females receiving a bonus payment.

The percentage of employees receiving a bonus (in both females and males) is significantly lower than previous years; with 50-60% of employees receiving a bonus. The proportion of received bonuses between males and females is even with 53% of females receiving and 58% of males.

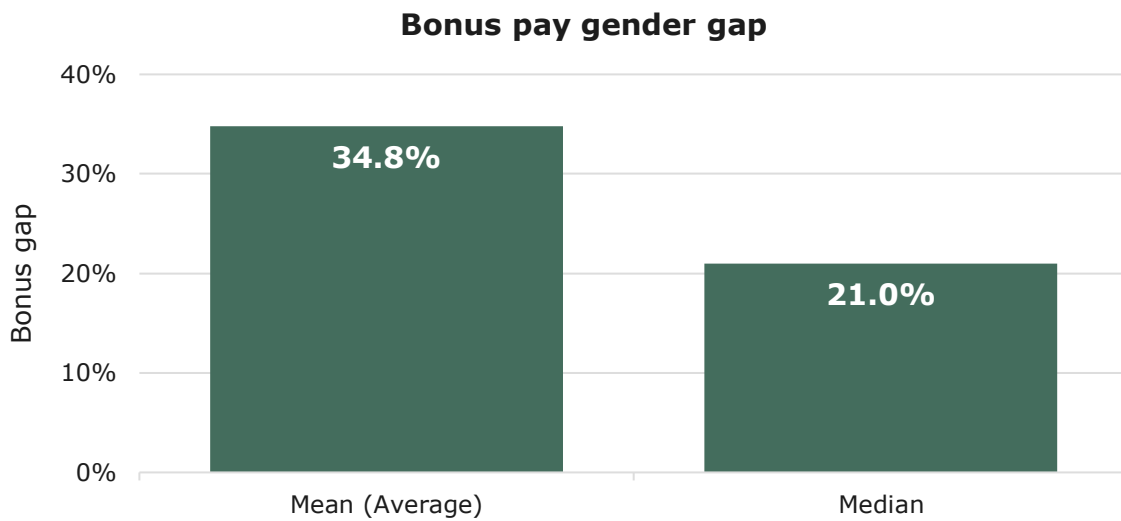
BONUS PAY GAP

The chart below shows the overall bonus pay gap. It is important to note that this overall gap can be heavily driven by the distribution of gender within company levels and employee performance.

The overall bonus gap on average and median is down on previous year with the average gap at 34.8% and median gap at 21.0%.

The gap is again heavily driven by the distribution of gender throughout the career levels, with more senior grades (CL5 - Consulting/Associate/Technical Director roles and Partner roles) driving the higher average for Male staff.

Other reasons that can lead to bonus differentials in ERM include date of hire, which impacts bonus eligibility, salary sacrifice into pensions and part-time working.



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 overall gender gap for hourly pay (20.4% for mean and 15.6% for median) is lower than previous year's analyses but continues to be higher than the reported National average of 14.3%* for all staff. The pay gap average has fallen 2.3% on the previous year and the median is down by 4.3%. This suggests that work is being done to address any gender pay gaps at ERM.
- Overall gender distribution within ERM remains consistent showing an even distribution of female to male employees with a slight skew towards male employees. The salary quartile distribution shows an even distribution of males to females in the lower to upper middle pay quartiles. Female representation in the upper pay quartile has risen on previous years to 33%.
- Overall gender distribution across the grades is even. CL5 (Director) and Partner continue to be skewed towards male employees, however female representation has risen in the Partner grade which will be contributing to the drop in overall gender pay gap. ERM's 'Path to Partner Programme' supported by dedicated Talent Coaches, helps individuals prepare and develop the necessary requirements for ERM's Partner roles. There continues to be an upward trend of female employees entering the programme. This will support the increased female representation across the Partner population. The small samples within business enablement / support grades make it difficult to draw meaningful conclusions.
- The bonus pay gap is 34.8% for mean and 21% for median.
- Bonus pay gaps have fallen on previous year, with the average pay gap at 34.8% (down 10.4%) and median pay gap at 21% (down 15.4%).
- Bonus received counts are significantly lower than previous years for both male and female employees.
- The bonus pay gap continues to be driven by the fact that ERM has more males than females in senior roles.
- ERM expects to continue to have a gender pay gap until such time that there is a more even gender split across all levels within the organisation.
- Differentials for bonus pay can be volatile due to the nature of short-term incentive payments.
- The bonus gap is also heavily driven by the distribution of gender throughout the career levels, with more senior grades (Director and Partner levels) driving the higher average for Male staff. The CL2 grade (Consultants and Consulting Senior Associates) to CL4 grade (Principal and Technical Principal Consultants) and partner grades are heavily in favour of males.

*<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2023>

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 to evolve approach in creating a more gender balanced leadership pipeline for CL5 roles and ERM's 'Path to Partner Programme'.
- Continue to improve and test processes to ensure they are free from gender bias and encourage hiring managers to review a diverse range of candidates, ensuring representation across hiring panels where possible.
- Structured skills and competency-based interview training for hiring managers rolled out globally, with a strong focus on the impact of unconscious bias.
- Continue to set industry specific long-term targets to ensure we are striving to achieve a more equitable and diverse workforce that represents the communities in which we operate.
- Continue to set maximum levels of acceptable attrition to retain under-represented talent Understand attrition trends by gender to determine support required.
- 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. Which in turn enables a strategic target of achieving gender balance across all management levels.
- Continue to support and promote modern working practices in order to attract and retain females at all levels. Examples are to continue to support, advertise and empower through our employee resource groups (ERGs). We will ensure that we remain equitable by providing tools that the multi-generational workforce will find relevant such as menopause support.
- Continue to develop ERM's reward infrastructure, using externally sourced salary benchmarking data to ensure continued fair and equitable pay across roles and 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 sourcing of external candidates.

Our recruitment practices are free from bias, utilising inclusive language through training and inclusive leadership at scale from a top-down approach.

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.

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 2022.

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.

*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

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



The business of sustainability

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