

2024 Pay Gap Report

Mercer Limited

welcome to brighter



We continue to deliver on our commitment to promoting diversity in the workplace



At Mercer we are committed to creating an inclusive business led with purpose. We value the diversity within our firm and encourage our colleagues to live and work authentically and be true to themselves. This means being inclusive of everyone and welcoming diversity, including of gender, race and ethnicity, sexual orientation and societal background. We will continue to make progress on our diversity, equity and inclusion agenda to deliver the best outcomes for our people, our clients and society.

By understanding, valuing and leveraging the strengths of all colleagues, Mercer holds a differentiating advantage. Nurturing a culture where all can be themselves leads to greater creativity, more engagement, retention of the best talent and is, simply, the right thing to do. Diverse, high performing teams generate richer discussions, more innovative ideas and make a

bigger impact than teams where everyone is the same.

At Mercer, we make a difference in people's lives every day. We are a trusted advisor to clients around the world. A professional services firm like no other, we are the leading global experts in risk, strategy and people. We help clients prosper amid changing times. We know we can only do this with the efforts of each and every one of our colleagues. That is why rewarding our employees fairly for the work that they do is fundamental to our business.

Our commitment is evident through our strong network of business and colleague resource groups, our commitment to HM Treasury's Women in Finance Charter and partnership with The Diversity Project, and through being recognised for the second year as a Times Top 50 Employer for Gender Equality.

We keep a close eye on pay equity by monitoring colleague engagement, employee turnover, promotions, pay and performance ratings, and by delivering specific training, for example unconscious bias and managing for inclusion. We analyse and report regularly on our progress at Board level and hold our executive team and other senior colleagues accountable through their own goals and reward for delivering results. Whilst we continue to make progress in closing our pay gap, like many organisations, we have more work to do. We are on a journey, and we are committed to an inclusive and diverse workplace that reflects society at large.

In this report, we are for the first time reporting our ethnicity pay gap. We highlight some of the activities already undertaken and those planned in the future to further our objectives to ensure gender and ethnicity parity.

UK pay gap reporting

Through our detailed analysis, we know that our pay gaps are largely caused by our workforce profile — that is, we continue to have more colleagues who identify as white and male in senior positions, for a myriad of reasons, many historic. The fact we are heading in the right direction, albeit with more work to do, tells us that the many actions we are taking to support equity in the workplace are having the right impact, and that they must continue.

Benoit Hudon
President and CEO,
Mercer Limited

Pay gap metrics explained

The gender and ethnicity pay gap reports show the gap between the mean and median earnings of one group (for example women) and the mean and median earnings of another group (for example men) within a company. The bonus pay gap shows the difference between the mean and median bonus paid to one group and the mean and median bonus paid to the other group.

The mean (or average) is calculated by adding up the gross hourly earnings of employees in the relevant group and dividing that figure by the number of employees in that group. The median is the number in the middle of a ranking of pay from lowest to highest.

In other words, gender and ethnicity pay and bonus gaps look at the mean and median across the entire company for women and men or between ethnically diverse and white colleagues. This is different from equal pay, which relates to any difference in individual pay between those who perform equal work.

We monitor equal pay on an ongoing basis and have rigorous processes for reviewing and monitoring pay and promotions. It is a fundamental part of our annual compensation process.

These numbers tell a story but not the complete story. We undertake ongoing analysis to understand the root causes and identify how we can further close any gaps.

We recognise that not everyone identifies with the gender binary of male and female. This document reflects the current extent to which we are able to report against gender without inadvertently identifying individuals.

For our ethnicity pay gap report, in order to protect anonymity, we report disaggregated data only where the underlying population is greater than 100 people.

The gender pay gap...



the difference between the gross hourly earnings for all those in one group vs another, for example all men compared to all women

... **not to be confused with ...**

equal pay...



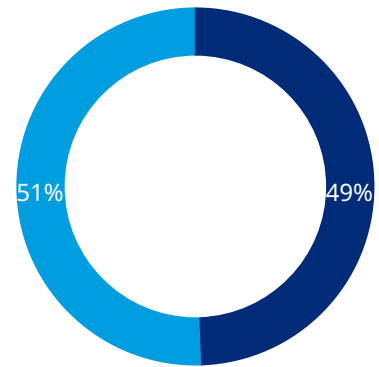
individual pay between those who perform equal work

Careful with comparisons

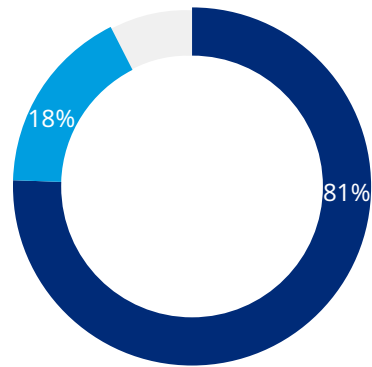
Mercer in the UK is a limited company, which means our gender pay gap takes into account all of our people across all levels of the organisation. Some other professional services firms are partnerships (for example, an LLP or similar), and government regulations exclude partners in these firms from the gender pay gap calculation. This can make it difficult to compare results between firms.

Our workforce profile

From our data used for our pay gap reports (data as at Apr 2024):

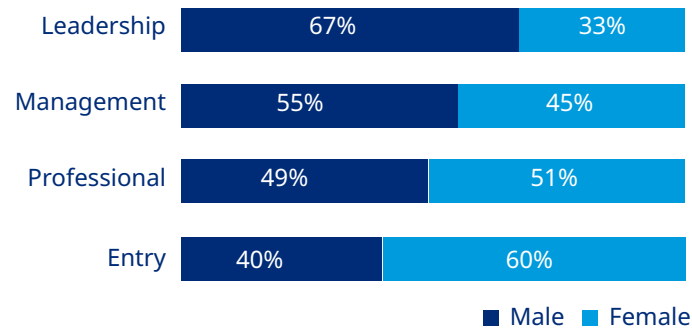


100% of colleagues have declared their gender, of those 49% were women, 51% were men.

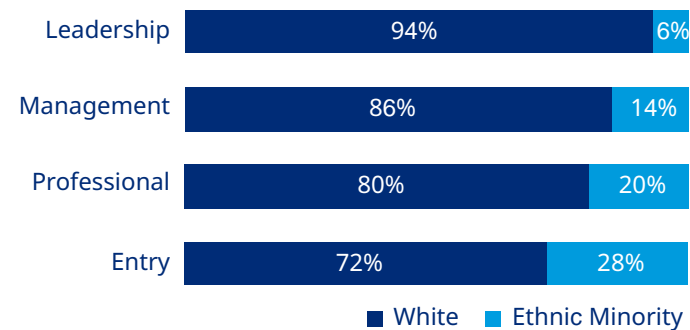


92% of colleagues have declared their ethnicity, of those 18% identify as Asian, Black, or as an ethnic minority and 81% as White, 1% prefer not to say.

Gender workforce profile



Ethnicity workforce profile



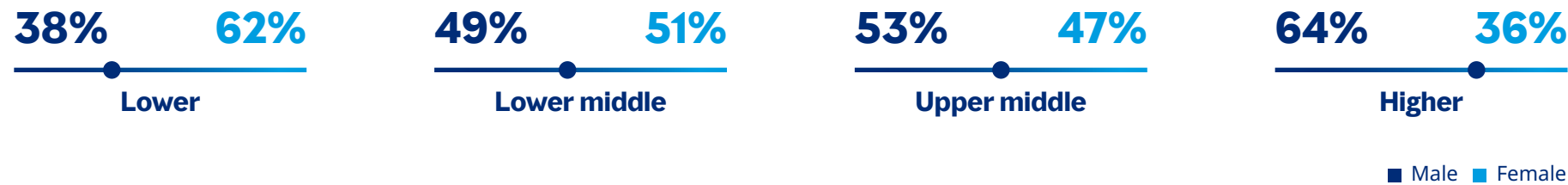
Our observations

Women and colleagues from an ethnic minority backgrounds are most highly represented at our entry level positions.

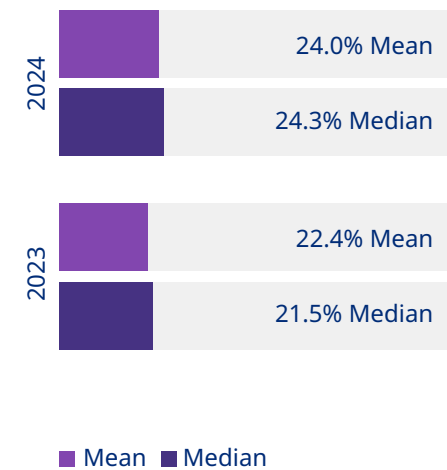


Mercer Limited gender pay gap

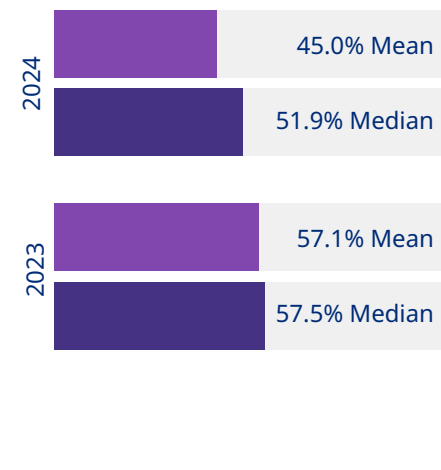
Pay quartiles



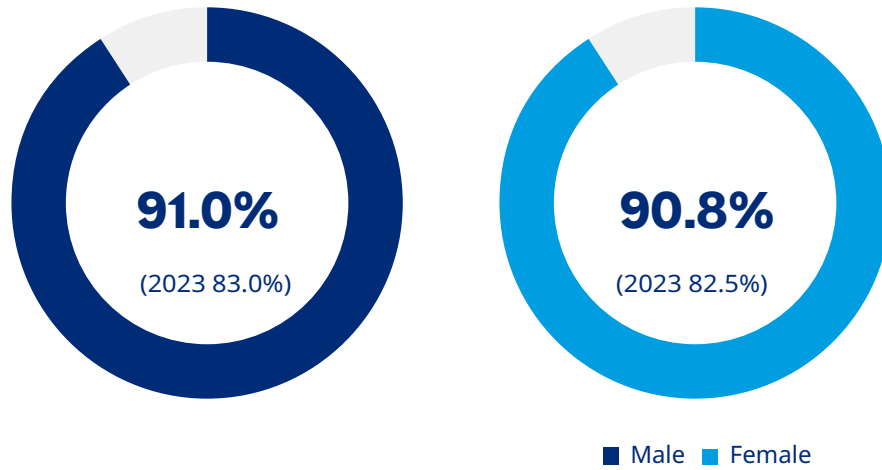
Gender pay gap



Gender bonus gap



Proportion of males and females receiving a bonus



Our observations

Our organisation changed significantly as a result of the sale of our pension administration business to Aptia on 1 January 2024. This transaction impacted a significant proportion of our headcount and our year-over-year pay gap.

Following completion of the sale, our organisation is smaller, though we have a similar gender balance, 51% male and 49% female.

The part of the business sold to Aptia included mainly junior colleagues, a high proportion of which were men who generally sat lower in our pay ranges as a result of the roles they were performing. Removing this group increases the mean pay for both men and women but more so for men. This resulted in our 2024 mean gap increasing.

The effect of the transaction on bonus pay was to increase mean female bonus and so our bonus gap reduced.

We continue to have more men in the most senior, higher paid roles, and higher percentages of women in more junior, lower paid roles. This is the main reason for our pay and bonus gaps.

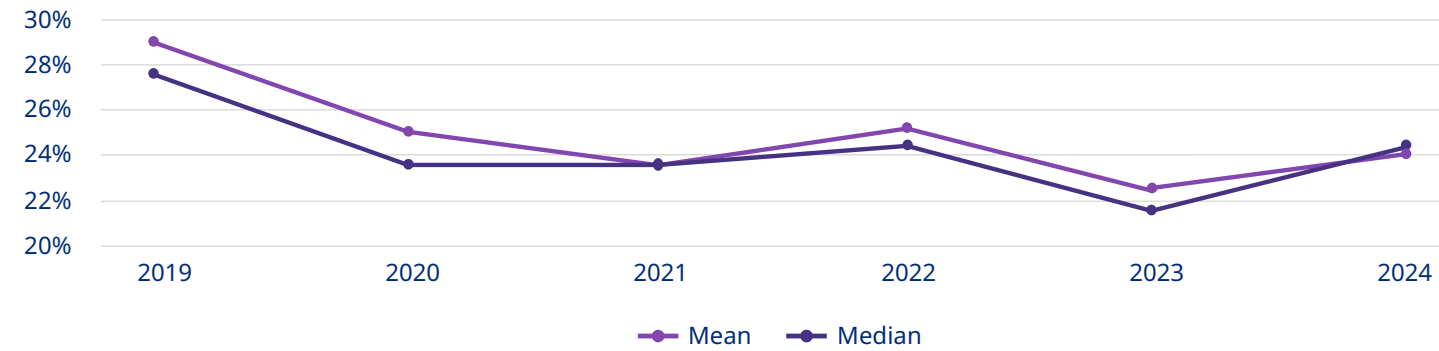
The difference in the percentage of men and women who received a bonus has closed to 0.2%, further reducing the 0.5% gap we had in our 2023 gender pay gap report.

A positive pay gap signifies that mean or median female pay is lower than male pay by that percentage. For example, if the mean hourly pay for men was £25 and for women it was £20, this would result in a mean pay gap of 20%.

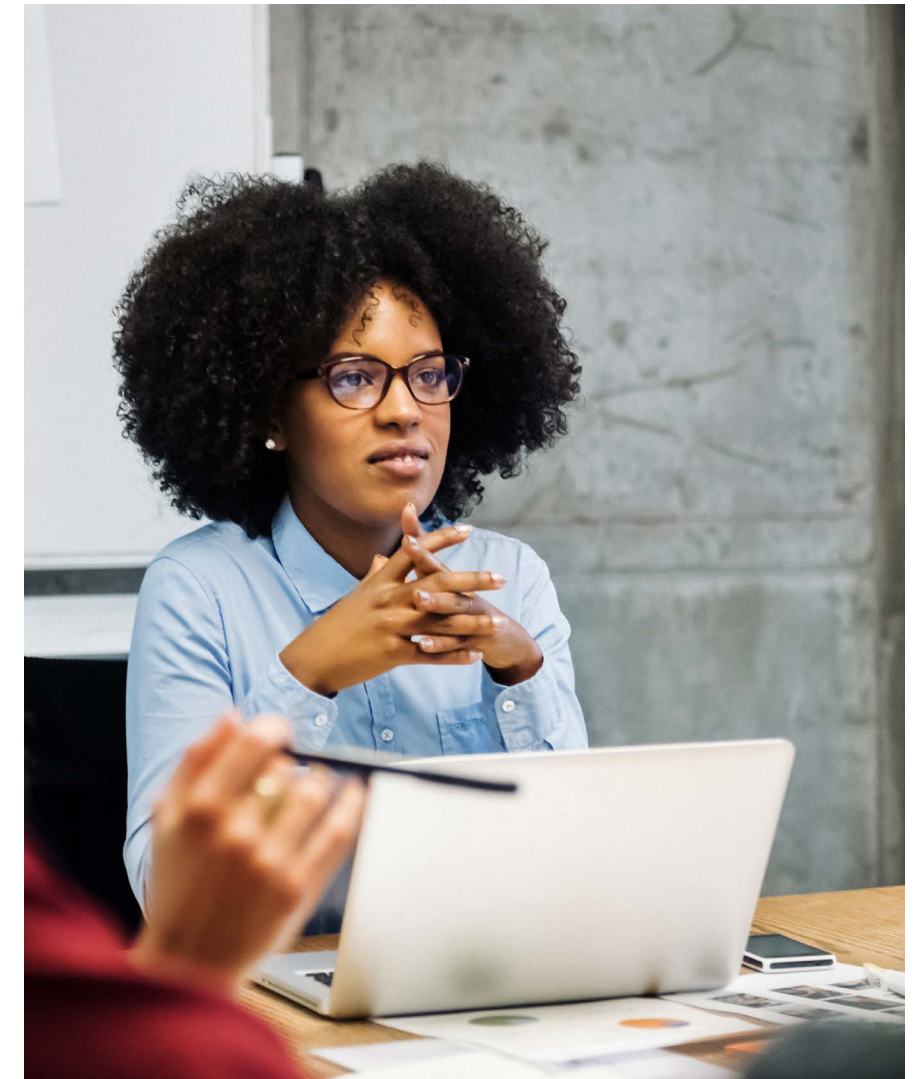
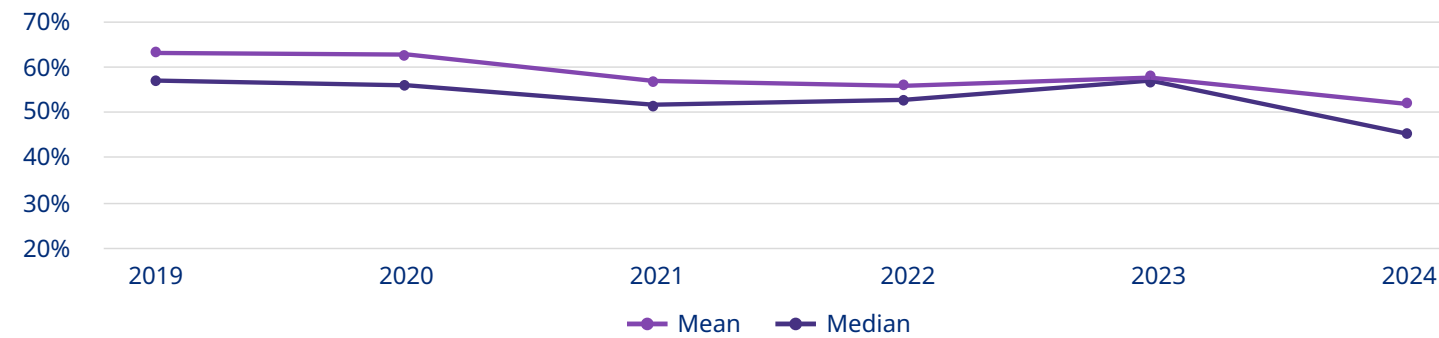
Our progress

We continue to make progress, though our efforts can take some years to result in a change to our gender pay gap. However we know we have more to do and strive to make progress each year, our overall trajectory shows a reduction of our pay and bonus gaps.

Gender pay gap history

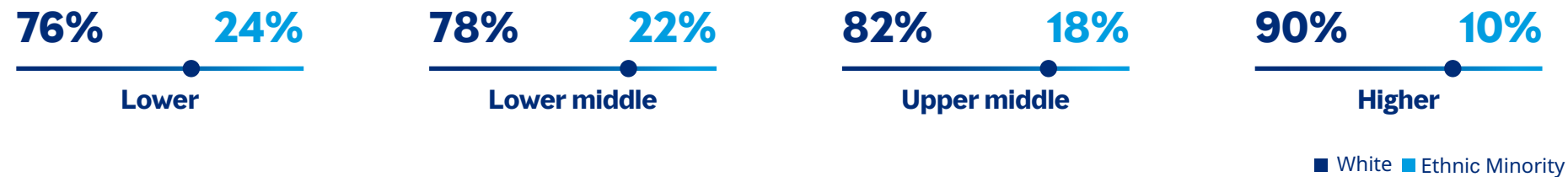


Gender bonus pay gap history



Mercer Limited ethnicity pay gap

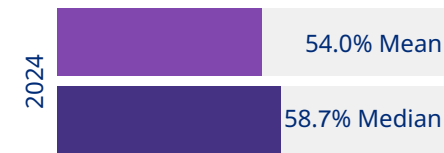
Pay quartiles



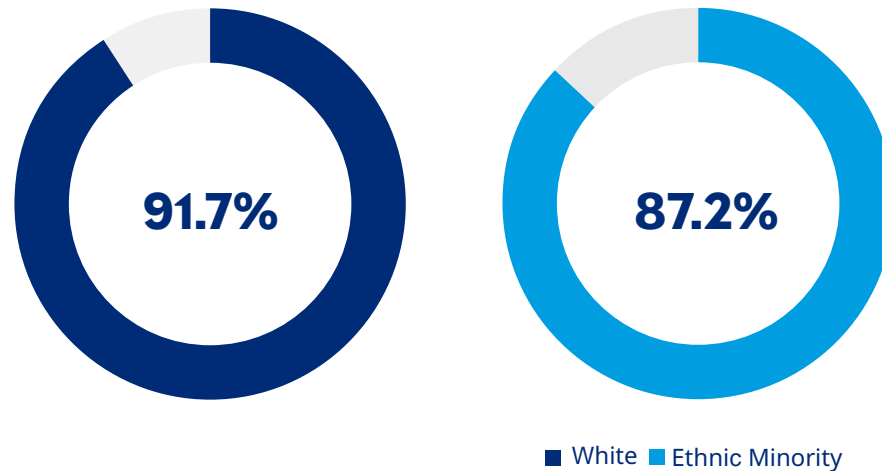
Ethnicity pay gap



Ethnicity bonus gap



Proportion receiving a bonus



■ Mean ■ Median

■ White ■ Ethnic Minority

Our observations

This is our first year reporting our ethnicity pay gap.

92% of our population have declared their ethnicity. Of those, 81% declared as white and 18% as an ethnic minority, 1% of our population prefer not to say.

Our ethnicity pay gap is due to more junior roles having the highest representation of ethnic minority colleagues. We have significantly increased the number of ethnically and racially diverse colleagues joining the organisation in recent years, particularly in early career roles.

Our pay philosophy places a greater emphasis on variable pay linked to performance in senior roles. This creates a more significant bonus gap as we have higher percentages of white colleagues in our most senior roles.

We are focused on increasing colleague diversity and progression across the entire organisation and expect to see our pay gap results continue to improve over time.

It is not possible to provide a further breakdown of results by ethnic group because of the population size and concerns about maintaining anonymity.

A positive pay gap signifies that mean or median pay for ethnically and racially diverse colleagues is lower than for white colleagues by that percentage. For example, if the mean hourly pay for white colleagues was £25 and for ethnic minority colleagues it was £20, this would result in a mean pay gap of 20%.

What we are doing to close our gaps

We know that an inclusive working environment where all our people can thrive leads to greater creativity, more engagement, improved retention of the best talent and is, simply, the right thing to do.

We see that the diversity of our workforce is improving. Our pay gaps are primarily driven by (i) a greater representation of men in higher paid, more senior roles and (ii) a greater representation of white colleagues in higher paid, more senior roles. We continue to work towards an equal gender split across all levels and ethnic diversity which is representative of the latest UK Census* at all career levels. We want to reflect the communities in which we operate. Here are a few of the actions we are taking to further our diversity, equity and inclusion (DEI) objectives:

Building an inclusive culture

We are constantly striving to develop an inclusive culture where everyone feels that they belong and can thrive. We have created development journeys for all colleagues to constantly embed the right behaviours and drive the right outcomes.

Some of the ways we cultivate this is by ensuring all colleagues complete 'unconscious bias' and 'managing

for inclusion' training. We publish a monthly DEI newsletter. We continue to look at how our policies, processes and culture can better support all colleagues. We have a strong culture of flexibility enabling us to support colleagues in varied circumstances.

We encourage colleagues to work flexibly and have formally adopted a hybrid working approach as standard. We have a flexible approach to bank holidays. Colleagues can choose whether to work on one or more of the four bank holidays that have Christian origins, or to swap it for a day that has more significance to them.

We have benefits, policies and procedures focused on supporting our female talent throughout key life events, including an above market maternity benefit with a facility whereby colleagues can return to work 80% of their time and receive 100% of their pay. We have a miscarriage policy and a menopause policy.

We are delighted to have been listed as a Times Top 50 employer for gender equality for the second time, recognising our commitment to prioritising gender equality in the workplace and driving a culture that works towards a more equitable and inclusive world.

*ONS UK Census data 2021
<https://www.ons.gov.uk/census>





Recruiting a diverse workforce

It's critical that we build and maintain a broad and talented pipeline and we actively seek to recruit from a wide range of candidate pools at all levels. We are committed to attracting and hiring more female and ethnically diverse talent.

Removing gender and ethnicity bias from the recruitment process continues to be an area of focus. We utilise a gender decoder for our job adverts and aim to ensure we have diverse candidate slates and interview panels. We host discussions on inclusion topics between talent acquisition consultants and hiring managers and provide guides on how to conduct an interview that ensures inclusivity.

In addition, we ensure intersectionality in our recruitment process by:

- Establishing relationships with inner city schools with lower rate of graduates in financial services.
- Partnering with external organisations like Ambitious about Autism, Career Ready, 10,000 Black Interns and The Diversity Project to maximise the diversity of our recruitment efforts.
- Signing up to the Returner program (Diversity Project), supporting female colleagues back into the workforce after long periods of leave.

This year our graduate intake is 45% from ethnic minority backgrounds, and 50% female. We actively support these colleagues in progressing through our grade structure to more senior roles.

Promoting equitably

As part of our annual salary and promotion review process, we strictly evaluate reward and performance patterns by gender and ethnicity at each level and within each part of the organisation, to identify and address any bias.

Underlying this process, we have role-based benchmarking and pay ranges that are applied universally to all colleagues, creating a consistent framework to scrutinise pay and performance outcomes against these internal and external benchmarks.

Promotions in recent annual reviews, including 2024, were equally split between women and men. Over time, promoting equitably forms an important part of how we will achieve better diversity in more senior roles.

At the most senior level, we operate an open and transparent partnership progression model to develop and promote equally all talented individuals of any gender or ethnicity. Applications for our partner level promotions are all presented to the executive leadership team anonymously to ensure equal opportunities across all candidates. This is supported by 1-2-1 leadership sponsorship and coaching.

Providing positive role models

We all want to see ourselves reflected across the world of business and we know our female and ethnic minority colleagues are eager to see 'people like me' leading the business. We benefit from having a gender balanced board and executive leadership team and continue to work to improve gender and ethnic diversity in senior roles. Our leaders have 1:1 DEI coaching, personal DEI performance goals and action plans.

We participate in KPMG's cross-organisational mentoring for a number of ethnic minority colleagues in the business and are planning our own coaching program to support the progression of our ethnic minority talent.

Colleague resource groups

We foster a supportive work environment that values different perspectives, experiences and backgrounds. We have business and colleague resource groups (BRGs and CRGs) which have their own communities to educate and raise awareness.

Our ethnicity-focused CRG (MOSAIC) do a great deal of work in progressing our diverse and inclusive culture. The MOSAIC CRG also includes our Asian Colleague Network and our Black Colleague Network. Both networks provide a safe space for members to discuss workplace issues, network and organise events centred around important cultural festivals and heritage months.

Our Women@Mercer BRG advocates for gender-related topics and is open to all colleagues seeking to drive positive change in the business.

Additionally, we have a Parents & Carers resource group and a Menopause Support Network to support colleagues during different phases of their life. We have signed the Menopause Workplace Pledge and run menopause related events, such as talks, training and introduced an app to support female colleagues.

Developing our talent into senior positions

In order to proactively manage the diversity of our senior talent pipeline, we have formal succession plans in place across all of our critical roles and monitor the diversity of that successor group.

We encourage colleagues to take part in our senior leadership programmes, taking care in selection to ensure appropriate representation. We are proud to have launched Aspire, a senior female leader development programme, which runs in parallel with other accelerated development programmes for female and diverse colleagues, including Women in Growth and our global Accelerated Leadership and Black Leadership programmes.

There are programmes to accelerate high potential mid-career employees and we've engaged a number of external organisations to support career advancement for women, including Professional Women's Network, HM Treasury's Women in Finance Charter and the Cherie Blair Foundation.

We have increased the percentage of women in our senior positions by 2% to 33%. We want this progress to continue and we are stretching ourselves with an aspiration to have the percentage of women in senior positions reach 40% by 2028. We have also seen a 2% increase in the percentage of ethnic minority colleagues at senior level.



Our commitment to promoting diversity in the workplace

We are committed to making a positive difference for our clients and colleagues, in our communities and society at large.

We are focused on increasing diversity at all career levels within our organisation. We have strategies and programs in place to support and sustain career progression at all levels, including access to the most senior positions. Additionally, we are committed to hiring more under-represented female and ethnic minority talent in our early career programmes to establish a stable foundation of diverse talent that can grow their careers at Mercer.

Locally and globally, Marsh McLennan through our Mercer business helps organisations effectively address pay equity and ensure fairness in their rewards. It is informed by many years of collaboration with the world's leading companies. We aim to use the same methodologies to address our own pay gaps.

In the UK, we have engaged with a number of important external organisations that support career advancement for women and ethnic minority colleagues, including:

- Bright Network
- Blueprint for all
- Career Nuggets
- Creating Inclusive Cultures
- iCan
- International Women of Excellence
- HM Treasury's Women in Finance Charter, of which Marsh McLennan is a signatory
- Professional Women's Network
- The Business in the Community Workplace Gender Equality campaign
- The Cherie Blair Foundation
- The Diversity Project
- Times Top 50 Employers for Gender Equality

- 30% Club
- Upreach
- 10,000 Black Interns

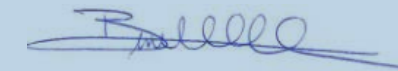
Mercer has shown itself to be a thought leader in the push for gender diversity. We historically published our groundbreaking *When Women Thrive, Businesses Thrive* research, in partnership with the World Economic Forum. The research was designed to help all organisations drive growth through the active and productive participation of their female workforce. In 2024, we have retained our recognition as a Times Top 50 employer for gender equality.

In addition to the focused work we are doing to drive gender and ethnic diversity, we also have various strategies that address other aspects of diversity as we strive to make Mercer more diverse, more equitable and more inclusive.

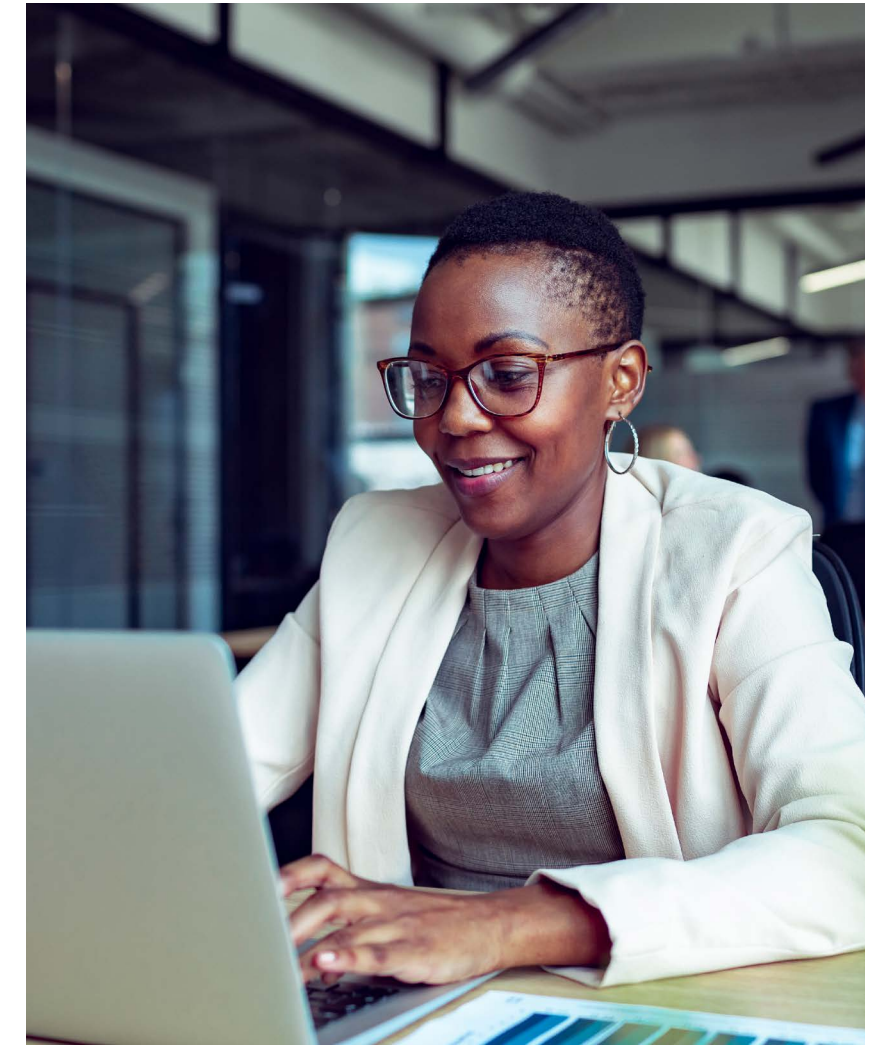
We're committed to making continual progress, and where we have more work to do, we are fully committed to improving diversity in all areas of our workforce.

Declaration

We confirm Mercer Limited's gender pay gap calculations are accurate and meet the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017



Benoit Hudon
President & CEO,
Mercer Limited



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