



2023 UK gender pay gap report

Mercer Limited

welcome to brighter



We continue to deliver on the advancement of women at work

At Mercer we are committed to creating an inclusive business led with purpose. We value the difference and diversity within our firm and encourage our colleagues to live and work authentically and be true to themselves. This means being accepting of everyone regardless of gender, sexual orientation, societal background or race. We will continue to make progress on our diversity and inclusion agenda as this helps 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 teams generate richer discussions, more innovative ideas and have greater reach and impact than teams where everyone is the same.

At Mercer, we make a difference in people's lives every day. 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 resource groups, our commitment to HM Treasury's Women in Finance Charter and The Diversity Project, and through the continuing investment in our extensive global gender parity research project *When Women Thrive*.

In the UK, our target to increase our senior female population to over 35% by 2023 has been exceeded (currently 37.7%), and we are now stretching ourselves with an aspiration to reach 50% by 2027. This ambition is supported by our gender-balanced Board and Executive Leadership Team.

We keep a close eye on pay equity by monitoring promotions, pay and performance ratings to avoid gender bias, and by delivering specific training, for example unconscious bias and managing for inclusion, to colleagues.

Whilst we continue to make progress in closing our gender pay gap, like many organisations, we have more work to do. We are on a journey and we are committed to further gender inclusion and the progression of women in the workplace.

In this report, we highlight some of the activities already undertaken and those planned in the future to further our objectives to ensure gender parity.

UK gender pay gap reporting

Through our detailed analysis, we know that our gender pay gap is largely caused by our workforce profile – that is, we continue to have more men than women 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 gender balance in the workplace are having the right impact, and that they must continue.



A handwritten signature in white ink, appearing to read 'Benoit Hudon', written over a dark blue background.

Benoit Hudon
President & CEO, Mercer UK

Our gender pay gap

The gender pay gap shows the gap between the mean and median earnings of women and the mean and median earnings of men within a company, and the bonus pay gap shows the gap between the mean and median bonus paid to women and the mean and median bonus paid to men. 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.

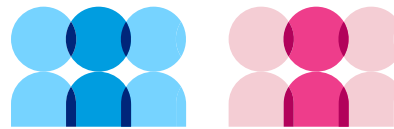
In other words, gender pay gap and bonus pay gap look at the mean and median **across the entire company** for women and men. This is different from equal pay, which relates to any difference in individual pay between women and men **who perform equal work**.

At Mercer, 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.

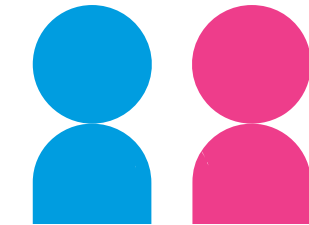
These numbers tell a story... but not the complete story. We continue to complete further analysis to understand the root causes and identify how we can close the gap.

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.

The gender pay gap...



...not to be confused with...

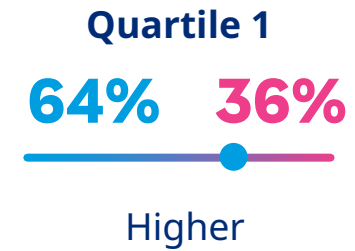
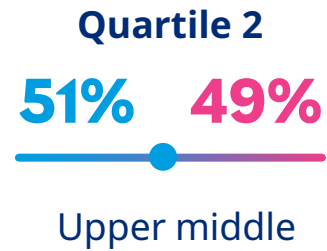
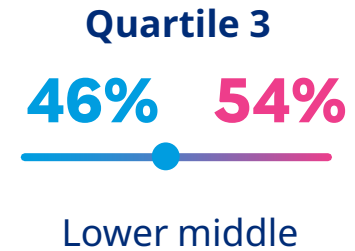
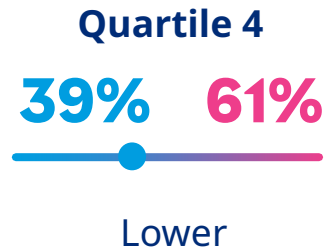
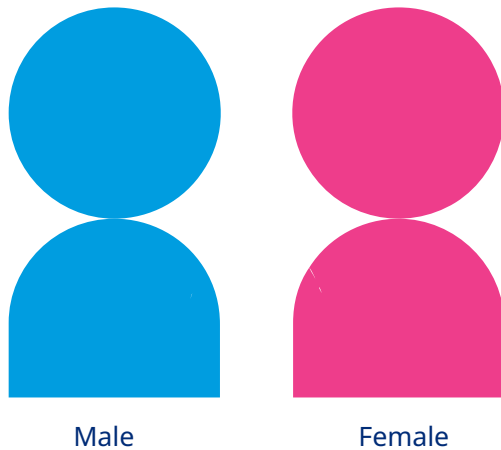


the difference between the gross hourly earnings for all men and the gross hourly earnings for all women

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 (e.g. 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.

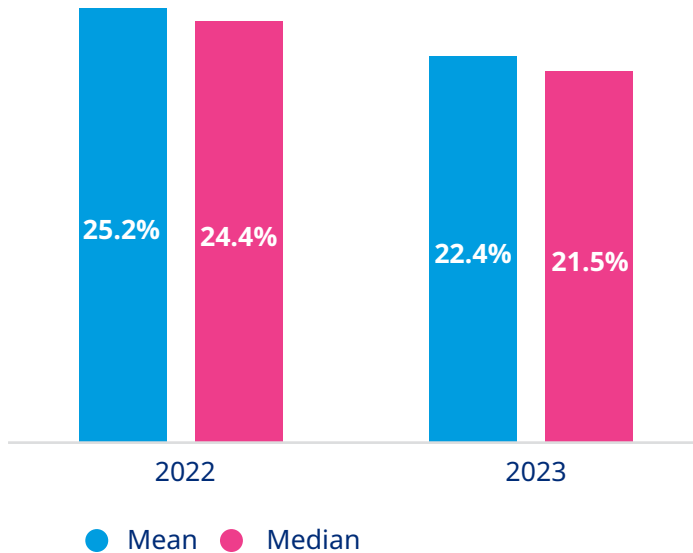
Pay quartiles



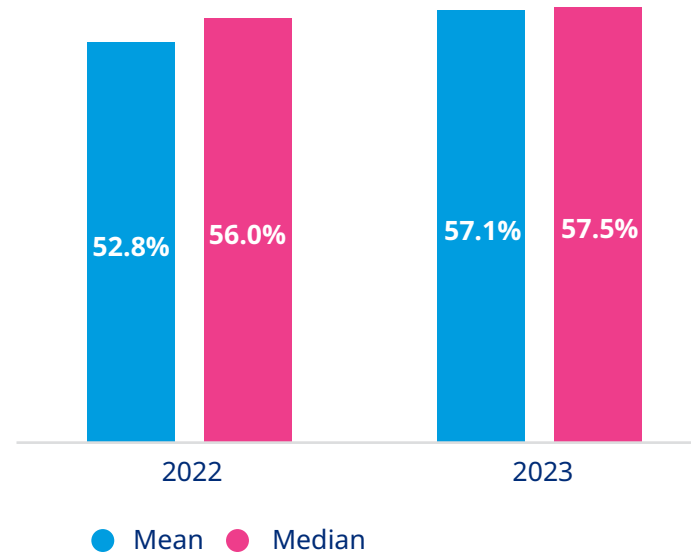
What we know

- Overall, the gender balance across Mercer Limited is currently 48% male and 52% female
- There are more men in the most senior, higher paid roles, however the percentage of women in our top quartile has increased by 1% versus our 2022 results, which has driven a positive change across the top half of our pay quartiles with a 2% increase in quartile 2 and 1% in the top quartile.
- We benchmark pay in every role in our organisation against the external market.
- We are working to improve the gender balance at all levels of our business and continue to make positive progress.

Gender pay gap



Gender bonus gap



% of female receiving bonus
82.5%

2022: 81.6%

% of male receiving bonus
83.0%

2022: 83.0%

What we know

We scrutinise pay against internal and external benchmarks, and compare pay for men and women in similar roles to identify and correct any unexplained difference.

The % of women in senior roles has increased and this has resulted in a narrowing of our gender pay gap.

What we know

- Our Gender Bonus Gap reflects our pay philosophy: in common with many companies in the market, employees at a more senior level have a larger percentage of their pay that is variable and this results in our bonus gap.
- The increase in the bonus gap is predominantly due to a one off strategic business restructure. Due to the make up of the impacted population this lead to a higher bonus payment to males.
- Although the overall number of females receiving bonuses is still lower than their male colleagues, the % of female colleagues receiving a bonus has increased by 0.9%, closing the gap between female and male to within 0.5%.

What we are doing to close our gap

Our reported gap is primarily driven by a greater representation of men in higher paid, more senior roles, and we continue to work towards an equal gender split across all levels. We want to be representative of the societies in which we work. Here are a few of the actions we're taking to further our objectives around gender parity:

- **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. For any of our graduate, intern or apprentice recruitment programmes, we look to achieve a gender balanced offer rate each year. We have invested in technology to ensure our job adverts use gender neutral language. Additionally, we have implemented guidance requiring diverse shortlists for our senior hires, and as part of our ongoing diversity strategy, our goal is that all senior hires are gender balanced. We will continue to hire the best candidates, but we won't be able to do this if we don't access the widest possible talent pool.
- **Promoting equally** — 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. Promotions in recent annual reviews, including 2023, were equally split between women and men. Over time, this forms an important part of how we will achieve a better gender balance in more senior roles. Women currently occupy 37.7% of our senior positions. We want this progress to continue, so much so that we are stretching ourselves with an aspiration to reach 50% by 2027.
- **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 leaders, managers and colleagues to constantly embed the right behaviours and drive the right outcomes. Some of the ways we cultivate this is by ensuring all colleagues take 'unconscious bias' and 'managing for inclusion' training. We are proud that in 2023 we have significantly enhanced our maternity policy, increasing paid leave and introducing a facility whereby colleagues can return to work 80% of their time and receive 100% of their pay. We continue to encourage keep in touch (KIT) days to foster inclusivity and support colleagues returning to work. We have also launched a new Business Resource Group for Parents and Carers to support colleagues during this phase of their life. For the first time, we have signed the Menopause Workplace Pledge and we have run very popular menopause related events, such as talks and cafés, training for People Managers, the introduction of an app to support female colleagues, as well as launching the Menopause Support Network for colleagues experiencing menopause symptoms.
- **Providing positive role models** — women want to see "people like me" leading the business. We're proud that our global President and CEO is a woman, and that within the UK, we have a gender balanced Board and Executive Leadership team.

- **Hybrid working** — enabling our people to balance work and life commitments is fundamental to retaining and promoting the best people. We have always encouraged colleagues to adopt flexible working and we have now formerly adopted a hybrid working approach as standard. We have invested in modernising our office spaces to maximise collaboration, learning and teamwork with new technology that supports flexibility. We have a very strong culture of flexibility enabling us to support colleagues in their work life balance while always maintaining the highest possible professional service. We offer training for managers to enable them to support colleagues who are working flexibly.
- **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. We encourage colleagues to take part in our senior leadership programmes, taking care in selection to ensure appropriate gender representation. We are proud to have launched Aspire, a senior female leader development programme this year, 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. We actively participate in the Diversity at the Top programme, a global initiative aimed at fostering diversity within our Senior Partner Pipeline. We operate an open and transparent Partnership progression model to develop and promote equally all talented individuals of any gender. This is supported by 1-2-1 leadership sponsorship and coaching.

- **Engaging across the business** — diversity and inclusion initiatives have the most impact when the entire organisation is behind them. For some years we have been hosting open dialogues which feature interactive sessions with senior leaders as panellists discussing topics like hybrid working and the role of men in creating a more inclusive environment for everyone at Mercer. In addition, our HR Director has hosted a podcast series on key, timely topics on Diversity and Inclusion. Our business resource group Women@Mercer is Mercer's UK network actively promoting gender-related topics and is open to all colleagues seeking to drive positive change in the business. In addition, we have launched a Parents & Carers resource group.
- **Monitoring and accountability for our progress** — 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. A portion of bonus awards for our senior leaders is linked to the achievement of gender diversity goals. It is worth noting that all colleagues' pay is linked to achievement of goals and performance, regardless of level. Depending on their role, DEI is a goal for many colleagues, all of whom support the wider UK DEI strategy (e.g. People Managers, Hiring Managers).



Outward-looking diversity

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

Locally and globally, Mercer helps organisations effectively address pay equity and ensure fairness in their rewards. Based on statistical methods (that conform to the highest standards), our approach is designed to have a significant and sustainable impact. It is informed by many years of collaboration with the world's leading companies.

Mercer has shown itself to be a thought leader in the push for gender diversity. Since 2014, we have published our *When Women Thrive, Businesses Thrive* research, in partnership with the World Economic Forum at Davos. The most comprehensive research on women in the workplace, *When Women Thrive* is designed to help all organisations drive growth through the active and productive participation of their female workforce. More information is available at www.whenwomenthrive.net.

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

- Creating Inclusive Cultures
- The Cherie Blair Foundation
- Women on Boards
- 30% Club
- The Business in the Community Workplace Gender Equality campaign
- Professional Women's Network
- HM Treasury's Women in Finance Charter, of which Mercer is a signatory
- International Women of Excellence
- The Diversity Project



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 UK

