



Gender Pay Gap report 2021

March 2022

Balfour Beatty

Foreword

At Balfour Beatty, our goal is to build a business that's sustainable in every sense. That's why we've made improving diversity and inclusion a priority across our operations, based around the principles of valuing everyone, celebrating differences and respecting one another for who we are and the different perspectives we bring.

Our 2021 annual survey of how our workforce feels (on a range of issues) revealed real progress in our aim to build a truly inclusive culture. 84% of respondents feel that our culture is inclusive to all people, regardless of difference, and 87% say that they feel comfortable that they can be themselves at work and be accepted. Both figures were up year-on-year, an outcome we will continue to focus on raising further.

The reason we drive this so hard is that our Group is large, complex and part of a sector that has historically been male dominated. Yet our expertise – our unique capability – is how we contribute to society. So, our aim is simple: we're committed to making sure Balfour Beatty is as diverse as the communities it serves, by attracting dedicated ambitious people from an ever-widening range of backgrounds. We want to play our part in ensuring our industry is open to all, both in terms of developing talent, and in providing everyone with the chance to build a career in an important industry.

I am pleased that our concerted efforts are beginning to bear fruit. In our first report, on 2018 data, our mean pay gap between male and female employees was 27%, the median gap 33%. In 2021, we have reduced our mean and median gender pay gap to 21% and 18% respectively. While the pace of change is never as rapid as we would like, we are making steady tangible progress in closing our gender pay gap.

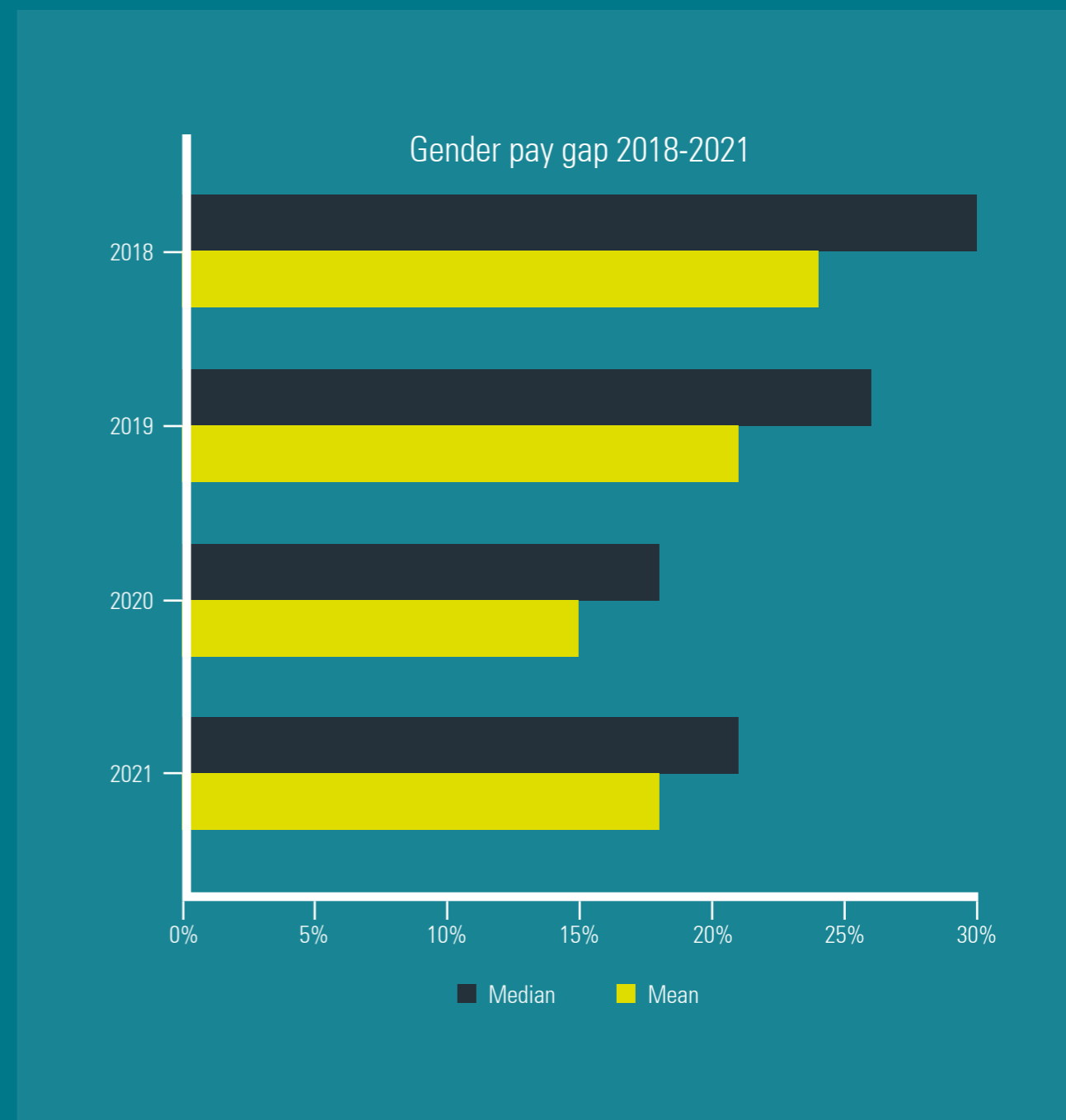
We did see a small widening of the gap from last year, which we were expecting. This is because 2021 saw a return to more usual operating conditions compared to 2020, which was overshadowed by COVID-19 lockdowns. During the first national lockdown in particular, a number of financial elements which tend to impact male earnings more than female, such as various allowances relating to travel and subsistence, stopped. Now that working patterns have more or less normalised, these have been brought back in. That's why it's always important to look at the bigger picture and also study the trajectory from the starting point – in 2018.

We know it's a long journey to close our gender pay gap. That's why we remain committed to building on the actions we laid out in our first narrative¹ and which are captured in our Diversity & Inclusion Value Everyone UK Action Plan². This includes working to increase the number of senior female leaders and leaders from diverse backgrounds in our organisation, not least – key to sustainability – by continually increasing the number of our female recruits at all levels and in all types of role. Because as these employees develop, so today's intake will help the long-term rebalancing of our diversity, right to the most senior levels.

This narrative sets out some of the positive steps we are taking to deliver that outcome.



Leo Quinn
Group Chief Executive
Balfour Beatty



¹ <https://www.balfourbeatty.com/media/317254/balfour-betty-gender-pay-report-2018.pdf>
² <https://balfourbeatty.com/media/319228/di-brochure-value-everyone-2022-2024.pdf>

Gender Pay Regulations

All organisations employing over 250 employees have been legally required to report annually on their gender pay gap, since April 2017, under the Gender Pay Gap Regulations³. The gender pay gap provides a snapshot of the gender balance within an organisation. It measures the difference between the average earnings of all male and female employees, regardless of their role or seniority. The Equality and Human Rights Commission (EHRC) are responsible for enforcing the Gender Pay Gap Regulations.

The information submitted is published on a searchable Government website⁴ to provide economy-wide transparency and comparability, with the ultimate aim of driving improvement and supporting the measuring of progress.

Balfour Beatty supports the Government's focus on reducing the gender pay gap and its effort to shine a spotlight on this important issue. We continue to scrutinise our gender pay gap data and build on the annual insights the data provides to help close our gender pay gap.

We take transparency around our gender pay gap seriously and see it as an important part of maintaining momentum. We reported our 2019 gap despite the formal reporting requirement for that year being suspended; and we reported 2020 numbers before the original April deadline (which was subsequently extended to October 2021).



Case Study

Right to Respect



David Neal
Managing Director, M25 Connect Plus Services
A Balfour Beatty, Egis and Atkins Joint Venture

Our 'Right to Respect' campaign is aimed at helping everyone in the business better understand the impact of our behaviour on others and what to do if we feel uncomfortable. The idea behind 'Right to Respect' came out of the Balfour Beatty Inspiring Women's conferences in 2017 and 2019, both of which I attended. Like a lot of my male colleagues, I was disappointed by some of the examples female colleagues gave of their experiences working in the industry – sometimes on schemes where they were one of only a handful of women, which must be a difficult enough environment without inappropriate remarks and behaviour being added in.

I was determined to do something about it. I got involved in the workstream looking at what needed to happen to improve site culture. The first step has been to start the conversation: to bring the issue out into the open; help people understand what is clumsy, inappropriate or unacceptable; to set out what good looks like; and to equip people with an understanding of how and when to challenge.

We liken it to a health and safety culture. 20 years ago, if you asked someone on site who was responsible for health and safety, a lot of them would have pointed to the Health and Safety manager. Now, everyone understands that we're all responsible. Where we are now as an industry, when someone says something or does something inappropriate, everyone thinks it's an HR problem. We need to move things on – embedding an inclusive culture, making sure everyone is comfortable in the workplace, is everyone's responsibility. We're running six trials in the UK from January 2022 – I'm pleased that the project I'm working on is one of them. These ingrained behaviours will only improve if we tackle them head-on, at source.

³The Equality Act 2010 (Gender Pay Gap Information) Regulations, 2017

⁴<https://gender-pay-gap.service.gov.uk/>

Balfour Beatty Group Employment Limited gender pay data

Mean and median gender pay gap

Mean
18%
Median
21%

Mean and median gender bonus gap

Mean
29%
Median
26%

Defining the terminology

Median pay gap

The median pay gap is the difference in pay between the middle-ranking woman and the middle-ranking man. If you place all the men and women working at a company into two lines in order of salary, the median pay gap will be the difference in salary between the woman in the middle of her line and the man in the middle of his.

Mean pay gap

The mean pay gap is the difference between a company's total wage spend-per-woman and its total spend-per-man. The number is calculated by taking the total wage bill for each and dividing it by the number of men and women employed by the organisation.

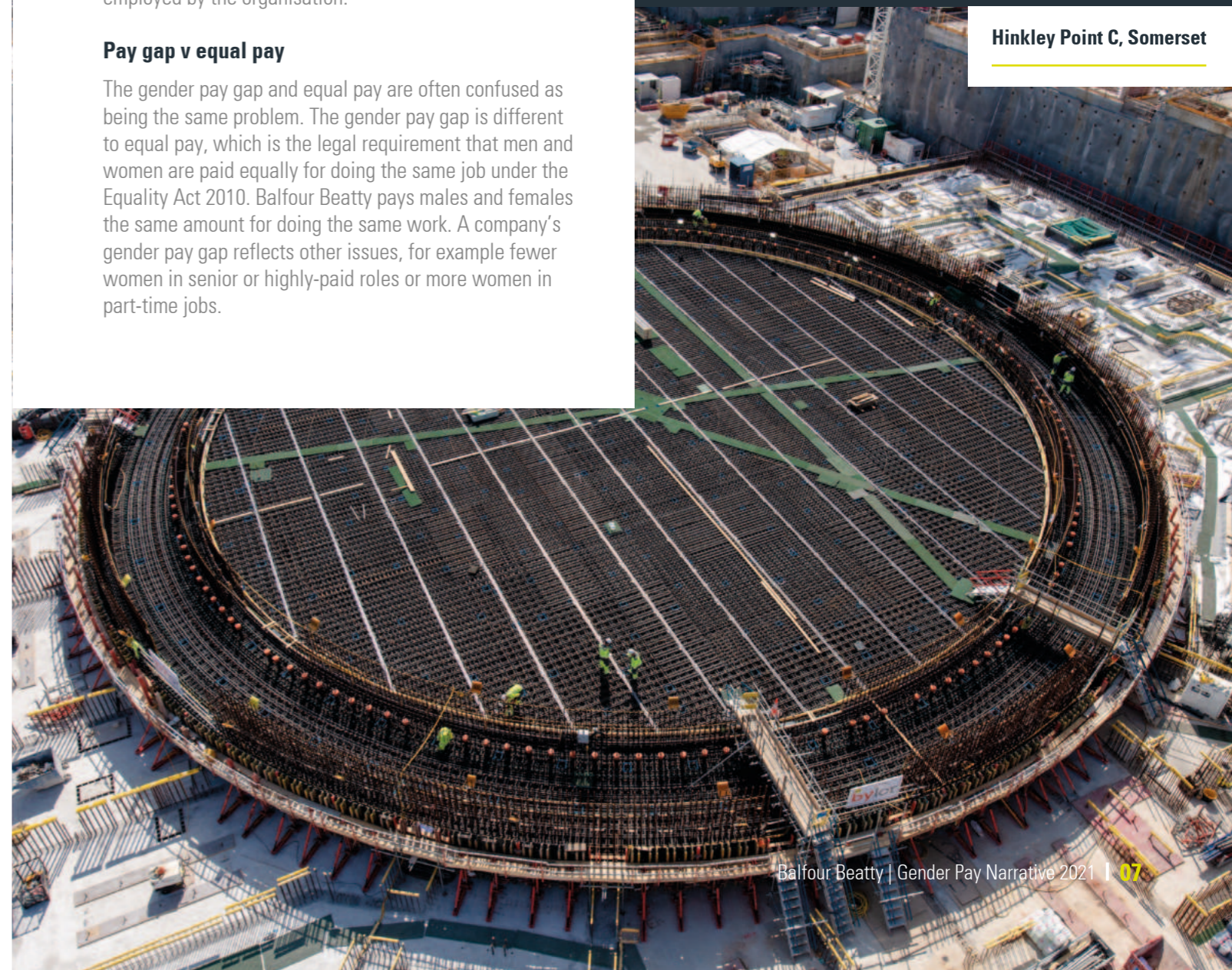
Pay gap v equal pay

The gender pay gap and equal pay are often confused as being the same problem. The gender pay gap is different to equal pay, which is the legal requirement that men and women are paid equally for doing the same job under the Equality Act 2010. Balfour Beatty pays males and females the same amount for doing the same work. A company's gender pay gap reflects other issues, for example fewer women in senior or highly-paid roles or more women in part-time jobs.

Gender identity

According to Government regulations, all of our employees have to be categorised as male or female for the purposes of gender pay reporting. At Balfour Beatty, we recognise that not all colleagues identify as male or female. While this narrative and the data it is based on focuses only on the binary definition of gender, we are committed to supporting non-binary colleagues. With the guidance of our LGBTQ+ Affinity Network, we aim to provide a supportive, open and inclusive work environment where all of our colleagues feel able to be themselves, regardless of sexual orientation or gender identity.

Hinkley Point C, Somerset



Creating a supportive culture



Sam Pearce
Head of Employee Engagement
Balfour Beatty

We put a lot of effort into making sure we're supporting people through key life events including the menopause, baby loss and bereavement, parenting and domestic abuse. A lot of these experiences are emotionally, physically or mentally draining or all of the above. We want people to know they are not alone, that they do not need to suffer in silence or leave because they feel that they can't reach out for support. Our priority is to make sure we're raising awareness both amongst line managers and the individuals themselves in terms of the support we offer, but also amongst the whole workforce by nurturing a culture where people feel valued, included and confident to speak openly about these things. We're backing that up with tangible improvements in our policies and increased flexibility in the support we offer.

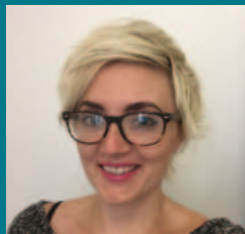
Of course, this isn't just about women. Although women and their careers can be disproportionately impacted by a number of these things, such as the menopause, their partners and work colleagues should also be able to access support and advice. And in terms of baby loss – one in four pregnancies ends in miscarriage, which has a huge impact on both parents, so we accommodate the needs of both. We want to make sure we have the culture and policies in place that helps support everyone through these difficult times.

What the data tells us

- > There was a small year-on-year widening of our gender pay gap. However, we foresaw that our 2020 data might be an anomaly and would not paint a fully accurate picture of our progress in reducing our gender pay gap and highlighted this in our 2020 Gender Pay Report⁵. This widening is because, when the country was placed under a national lockdown, various allowances, for example, those relating to travel and subsistence, were temporarily stopped. In 2021, these allowances have been reinstated, where appropriate, as our work on site has returned to 2019 levels. That is why we are encouraging a holistic view of the data from the first gender pay reporting period, rather than simply looking at year-on-year change. Although we are disappointed that we are not reducing the gap more quickly, we are pleased that, considered as a journey beginning in 2017, our data clearly shows gradual, sustainable improvement.
- > More broadly, there are a number of drivers behind our gender pay gap, not least the fact that it is a deep-rooted, sector-wide issue. However, the uneven distribution of females in our overall workforce, and the higher number of senior male leaders in the organisation are key factors in our overall gender pay gap: as employees become more senior within the organisation, the levels of pay and bonuses increase.
- > In terms of our employee demographics, the percentage of female employees included in the calculation this year increased in the Lower, Lower Middle and Upper Middle quartiles and reduced slightly in the Upper Quartile. Although we now have two women on our Executive Committee, we unfortunately lost some senior women from areas of the business including those that were hard-hit by the pandemic and which had to be restructured. This had an impact on our gender pay gap.
- > Although we are growing the number of women in the business, in line with our strategy, this growth is occurring more in the lower pay quartiles than the higher quartiles as we attract females onto our apprenticeships and graduate schemes, for example, which is really positive and something we will continue to focus on. Over time, they will progress through the business and as they move upwards, their salaries will increase, helping to reduce our gender pay gap.



Value everyone



Lucy Parker
Assistant Quantity Surveyor, Highways
'Value Everyone' Behaviour Champion
Balfour Beatty

The Behaviour Champions are people who are seen to be role models in one or more of the five Balfour Beatty Behaviours – Talk Positively, Collaborate Relentlessly, Encourage Constantly, Make a Difference and Value Everyone.

I was bowled over to be nominated and selected as the 'Value Everyone' champion for my business. Not just because it's an acknowledgement of how I behave at work and how I treat people, but also because it's a demonstration that I'm valued too.

For me 'Value Everyone' means giving everyone the same respect you would give the MD or the CEO. I've worked in businesses where that wasn't the case and I'm really proud to work somewhere where people are all treated as if they have an equal right to be in the room.

Smart Working

In 2021, we launched Smart Working across our UK business. Smart Working is about when, where and how we work, and making the best use of our location, technology, and time to best meet the needs of our business, our projects, our customers, our teams and employees.

Smart Working is more than a flexible working policy; it is about creating a supportive, inclusive culture and being a great place to work. Our new approach covers all the stages of our employee's career and considers arrangements and flexibility to meet their needs such as staggered start and finish times, and where roles allow, the opportunity to work remotely up to 40% of the time.

Case Study

Gender Affinity Network



Mukta Hashmi
Head of Procurement, Balfour Beatty Living Places
Balfour Beatty Gender Affinity Network Co-chair

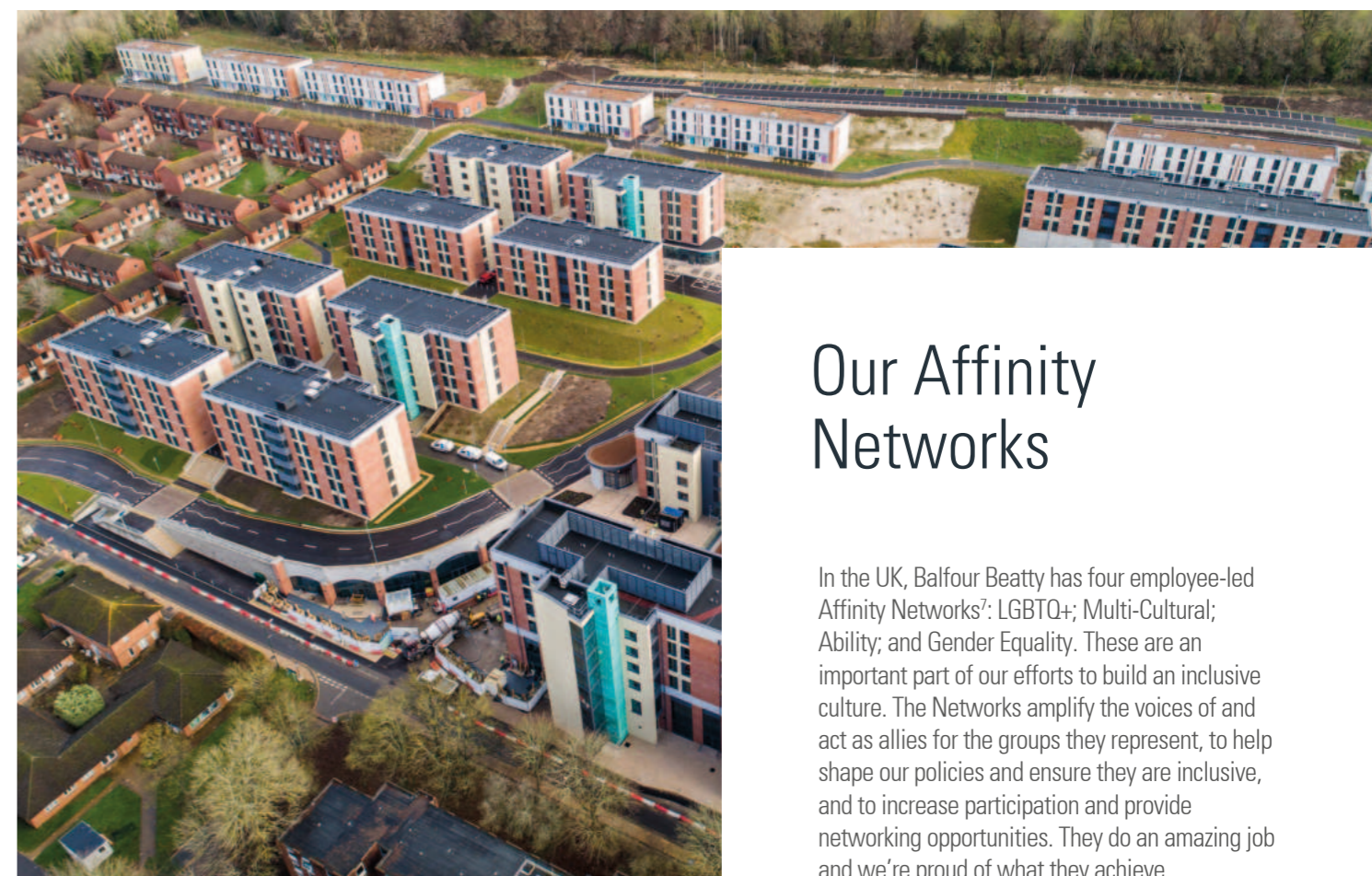
Over the past year, we've had a fresh look at our Gender Affinity Network and reinvigorated it. We want to make sure that it's both authentic and practical: a safe space for people to share experiences, raise concerns, ask questions and get support; but also, a body that's driving change that makes a difference to show that we welcome and value women in our business. It's something I'm genuinely passionate about.

For me, it's about inclusivity all the way down. Women feeling included on sites; at the start of their careers; when they're pregnant; coming back off maternity leave; when they have a child or aging parents; going through the menopause. I was really pleased to be part of our review of facilities on sites because it resulted in us working with social enterprise 'Hey Girls' to make sustainably sourced period products available for free across all Balfour Beatty project sites and offices, along with better quality toilets for males and females. We've made sure that every new site is now provided with these products from the outset as standard from our Site Mobilisation Hub and we're working on other changes that make everyone feel that their needs are important to the business.

Maintaining an active investment in female talent and an inclusive culture

Working with organisations specialising in diversity and inclusion, we've brought in a wide range of development activities to support the delivery of our Diversity and Inclusion Value Everyone Action Plan⁶. This includes multiple talent, leadership and development programmes at all levels of the business and a specific focus on minority groups to support retention and career progression. We're working hard, investing time in developing people from a range of backgrounds to help build our own 'home-grown' leaders of the future.

One of the key objectives of our talent programmes is to ensure we have a strong pipeline of female leaders rising through the ranks. While closing the gender pay gap is not the only focus on our Action Plan, delivering it will help us achieve that goal.



Our Affinity Networks

In the UK, Balfour Beatty has four employee-led Affinity Networks⁷: LGBTQ+; Multi-Cultural; Ability; and Gender Equality. These are an important part of our efforts to build an inclusive culture. The Networks amplify the voices of and act as allies for the groups they represent, to help shape our policies and ensure they are inclusive, and to increase participation and provide networking opportunities. They do an amazing job and we're proud of what they achieve.

University of Sussex, East Slopes Residencies

⁶ <https://balfourbeatty.com/media/319228/di-brochure-value-everyone-2022-2024.pdf>
⁷ <https://www.balfourbeatty.com/how-we-work/diversity-and-inclusion/affinity-networks/?month=5&year=2019&parentId=1212>

Inspiring women



Julia Buckland,
Senior Estimator, Major Projects
Balfour Beatty

I've been at Balfour Beatty for 20 years. During that time, I've seen a lot of women leave the industry and I really wanted to do something about it.

In 2017, we held our first Inspiring Women conference to provide a platform to discuss some of the issues. We wanted to raise awareness and understanding amongst internal audiences that change was needed. In 2019, we held our second Inspiring Women conference and many of the same issues came up, so we decided that we needed to put our foot on the accelerator.

Under the banner of 'Inspiring Women', we set up four action groups focussed on key issues including site culture and support around parental leave. Each group has a senior leader as a chair and is staffed by volunteers. The passion in these groups to drive change and the willingness of senior leaders to back them has made all the difference and we've seen a number of successes already. People can see that these initiatives are changing the business for the better.

School and college outreach

We know that to improve the diversity and specifically the gender balance of our business, we need to challenge preconceptions about working in the construction and infrastructure industry, and to build better engagement with underrepresented groups.

One of the things we do to achieve this is to proactively undertake school outreach and college engagement to speak to and inspire students through practical challenges and work experience, giving them a broader understanding of the huge range of fulfilling careers that exist within the sector. We also aim to challenge outdated perceptions and improve the image of the sector to try and encourage them to consider the industry and look at studying relevant subjects or sign up to training options that lead to construction and infrastructure.

School engagement is undertaken by many projects as part of our work to leave a positive legacy in the communities we work in and with. Many of our colleagues act as either STEM Ambassadors – working with pupils through STEM Learning⁸ to help promote careers in engineering – or Enterprise Advisors – working with school staff. 36% of these are female ambassadors, going into schools as role models to ensure that the sector is seen a welcoming place for women.

- As part of our sustainability strategy, Building New Futures, Balfour Beatty has pledged to increase its STEM Ambassadors from 327 active ambassadors⁹ to 1,000 by 2025 across the UK to play our part in developing the pipeline of people that might consider careers in the construction and infrastructure industry.
- Our apprentices engage with schools through community activity as part of their Balfour Beatty Brathay Apprenticeship Challenge in Year 2 of the apprenticeship programme. Teams of seven to nine apprentices deliver careers activity designed to raise the profile of apprenticeships and in a typical year they will reach around 14,000 young people.
- Our graduates engage with young people through a range of charity and social enterprise partners. These partners work with young people and are oriented to diversity, social mobility or STEM education and so ensure that our activity is targeted at under-represented or disadvantaged groups.

At any one time, there are 30-35 apprentice and graduate groups working on these activities across the UK.

Engaging with students through our careers-focused interactive broadcast event, Construction LIVE



About Balfour Beatty

Balfour Beatty is a leading international infrastructure group with 24,500 employees – 12,000 of them based across the UK – our employees drive the delivery of powerful new solutions, shape thinking, create skylines and inspire a new generation of talent to be the change-makers of tomorrow.

We finance, develop, build, maintain and operate the increasingly complex and critical infrastructure that supports national economies and deliver projects at the heart of local communities.

Over the last 113 years, we have created iconic buildings and infrastructure all over the world including: the £1.5 billion A14 improvement scheme - Britain's biggest road project; Hong Kong's HK\$5.5 billion world-class harbour theatre project for the West Kowloon Cultural District Authority; and the 12.5 mile US\$429 million North Metro Commuter Rail line in Colorado, US.



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