

The logo for Laing O'Rourke, featuring the company name in white capital letters between two horizontal lines, one yellow and one red.

LAING O'ROURKE

2017 GENDER PAY GAP REPORT

LAING O'ROURKE SERVICES LTD

FOREWORD

Our long-standing commitment to equality, diversity and inclusion ensures that we maintain the highest standards of employment practice, with our aim to employ a workforce that reflects the society in which we live and work.

To meet the incredible opportunities available in the sector, our people strategy has never been more important. Our ability to attract and retain people to work in our business is of critical importance, and is therefore included in our strategic objectives led by our Group Inclusion Steering Committee.

We welcome the UK Government's initiative to address the gender pay gap. In this report we provide the pay data on our UK employees, which establishes a benchmark to develop our inclusion strategy. We know that our gender pay gap is largely driven by a lack of female representation in senior management positions; we are working hard to increase the number of women entering the industry and developing their careers through our talent programmes.

The engineering and construction sector provides an exciting and rewarding profession and we are leading the way with our investment in DfMA 70:60:30 and other modern methods of delivery. Such advancements will help build an industry that is attractive, welcoming and fair for the next generation of women and men.



We confirm that our data has been calculated in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Ray O'Rourke
Chief Executive

Madeleine Loughrey-Grant
Group Legal & Tax Director
and chair of the Inclusion
Steering Committee

OUR GENDER PAY GAP

What is the gender pay gap?

The UK Government has recently introduced legislation that requires all organisations with more than 250 employees to publish data related to their gender pay gap, which shows the difference in average earnings between men and women. The data will be published on an annual basis.

What are the individual measures?

The gender pay gap report covers only those employed in the United Kingdom and encompasses:

- the difference between the median and mean hourly pay and bonuses of men and women
- The percentage of males and females represented within our pay quartiles.
- the percentage of males and females who received a bonus.

How is the gender pay gap different to equal pay?

The data published in this report does not relate to equal pay, whereby we ensure through robust processes that everyone undertaking like work rated as equivalent or of equal value, is paid the same.

Our data

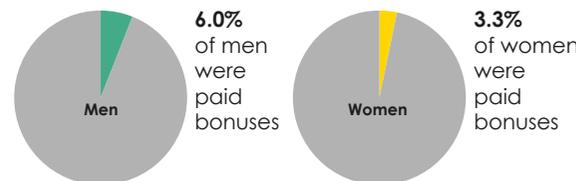
<p>MEDIAN The median gender pay gap is +8.8%</p>	<p>The median percentage difference is calculated by taking the value of the midpoint male and female hourly pay and calculating in percentage terms whether the male is paid more (+) or less (-) than the midpoint female.</p>
<p>MEAN The mean gender pay gap is +6.6%</p>	<p>The mean percentage difference is calculated by taking the average hourly pay of males and females and calculating in percentage terms whether males are paid more (+) or less (-) than females.</p>

The chart below shows our gender split by pay quartile i.e. how many men and women are represented in each group from the lowest to highest paid:



Quartiles are calculated by establishing the midpoint hourly pay value between the highest and lowest paid employee and further dividing the upper half and lower half by two.

The percentage of men and women who received a **bonus payment** is shown in the chart below. The **median gender bonus gap** is **-14.4%** and the **mean gender bonus gap** is **+28.7%**. Bonus payments were only made during 2016/17 for a small number of employees who worked public holidays, were recognised for professional qualifications or introduced new hires via our staff referral incentive.



What does this data mean?

Our results show an 8.8 percent median gender pay gap using the Government's reporting criteria – however we believe this statistical result to have a number of limitations. Low female representation across all pay quartiles in the construction sector, and Laing O'Rourke's direct-delivery operating model (unlike many competitors who are organisers of subcontract labour) impacts on the overall figures and should be understood when comparing against other businesses or industries. In addition, overtime rates are excluded from official

calculations and vary from project to project, meaning base pay rates in the sector can give an unclear picture of real reward.

If such influences were discounted, we have internally estimated a gender pay gap comparable to other large engineering and construction organisations and believe that our pay gap is closer to 25-35%. We have developed our plans with a broader ambition in mind to focus on the real underlying causes over the statistical outcomes. We firmly support the UK Government's 2025 objective of construction being comparable to the automotive or aviation manufacturing sectors and believe this will include a step-change in the diversity and inclusion of its workforce.

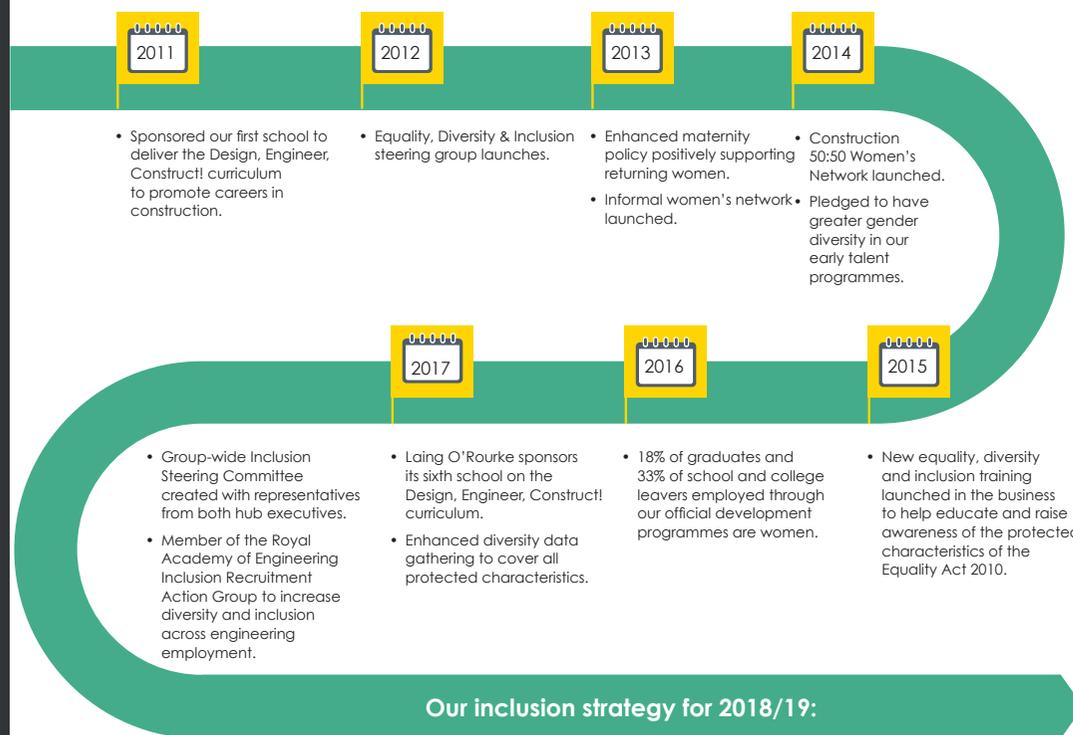
We are encouraged by signs of improvement, and Laing O'Rourke has achieved a 48 per cent increase in the number of women in our senior grades since 2014.

We are confident that our recruitment schemes, pay governance and salary review processes ensure equal pay for the same role. We remain committed to creating a fully inclusive workplace and increasing participation across all under-represented groups to enhance sustainable business performance. At the same time, our industry-leading investment in DfMA 70:60:30 and other modern methods of construction will help build an industry that is attractive and fair for the next generation, women and men.

OUR INCLUSION JOURNEY AND PLAN

Our journey so far

We continue to drive our inclusion strategy, first started in 2010, to ensure we deliver our targets and our critical milestones to 2025, which will help us to close the gender pay gap.



Action areas for 2018/19

Our action areas specifically focus on diversity and increasing female participation in the construction industry. Highlights of our plans for 2018/19 and beyond are:

Attract	
Recruitment Practice	Alternative recruitment channels to attract diverse talent, for example, returners or those in hard-to-reach segments of society. Line manager recruitment training focusing on conscious inclusion.
Thought Leadership and External Recognition	2017 Military Employer Recognition Scheme Gold Award. Social Sustainability Delivery Framework which features a key theme and plan for Building an Inclusive Workplace.
Develop and deliver attractive Trailblazers / apprenticeships or traineeships	New qualifications and entry routes that support diversity (for example, Civil Engineering Site Management Degree Apprenticeship at the University of Exeter).
Retain	
Data Capture – going beyond the standard	Improved employee information to enable a broader and deeper organisational understanding to shape our plans.
Senior Executive development	Embedding leadership coaching specifically targeted at unconscious bias and conscious inclusion. Embedding a reverse mentoring scheme for the leadership team.
Increased visibility and participation in the inclusion agenda	Engaging across the organisation via social media platforms and our various networks: Construction 50:50 (Women's Network), LGBT+ and our Inclusion Group; engendering a positive supportive culture.
Flexible working and innovative rewards	Undertaking ongoing research into autonomy and flexible working practices to inform a redesign of working practices for everyone in our organisation.
Develop	
Returner programme (planned for 2018/19)	Strengthening our returners programme to provide enhanced structured support for people returning to the workplace. We continue to encourage Keep in Touch Days (KIT) and support everyone to use their shared parental leave.
Technical and behavioural training	Comprehensive learning and development offering for all employees within the organisation spanning personal development and building technical capabilities. Our offering also encourages and supports second careers through apprenticeships and reskilling.