

Internal Equity Guidelines

Document Owner: HR Director, People & Culture **Version:** 2.1 **Effective Date:** Current equity guideline version **Last Reviewed:** Current guideline review

Classification: Internal — Restricted to HR and Finance

1. Purpose

These guidelines establish Meridian Group' standards for internal pay equity across all role levels and departments. The guidelines support the annual compensation review cycle and ad-hoc equity assessments.

2. Pay Band Structure

2.1 Role Levels and Bands

Level	Title Range	Band Minimum	Band Midpoint	Band Maximum
1	Analyst	£34,000	£43,000	£52,000
2	Associate Consultant	£48,000	£59,000	£70,000
3	Senior Consultant	£66,000	£80,000	£94,000
4	Principal Consultant	£90,000	£107,000	£126,000
5	Practice Director	£118,000	£138,000	£160,000

2.2 Band Overlap

Adjacent levels may overlap by up to 15% at the boundary (e.g., a high-performing Level 2 may earn more than a newly promoted Level 3). Overlaps exceeding 15% require HR Director approval and documentation.

3. Compa-Ratio Thresholds

3.1 Acceptable Range

Employees should fall within a compa-ratio of **0.90 to 1.10** against the market benchmark midpoint (P50) for their role level and geography.

3.2 Flagging Rules

Condition	Flag	Required Action
Compa-ratio below 0.90	Below Threshold	Must be addressed in the current review cycle
Compa-ratio 0.90-0.95	Watch	Review recommended; prioritise if performance is Strong or above
Compa-ratio 0.95-1.10	Acceptable	No mandatory action
Compa-ratio above 1.10	Above Threshold	Document justification; no further increase unless promotion

3.3 Peer Equity Tolerance

Employees at the same role level with comparable performance ratings should not differ by more than **8%** in total compensation. A comparable performance rating is defined as being within one rating tier (e.g., "Meets" and "Strong" are comparable; "Meets" and "Below" are not).

Note: The 8% threshold applies to total compensation including variable. Where variable compensation data is incomplete, the comparison should use base salary only and flag the result as provisional.

4. Review Cycle Rules

4.1 Annual Review Eligibility

Employees are eligible for the annual compensation review if they have completed at least **six months of service** by the review effective date. Employees hired within the six months preceding the review date should be assessed on a case-by-case basis, considering the offer benchmark at time of hire.

4.2 Adjustment Caps

- Standard adjustments: up to **8%** of base salary
- Equity correction adjustments: up to **12%** of base salary (requires HR Director sign-off)
- Adjustments exceeding 12% require both HR Director and Finance Partner approval

4.3 Off-Cycle Adjustments

Off-cycle adjustments (e.g., retention, market correction) approved outside the annual review must be documented and factored into the next annual cycle to avoid compounding.

5. Budget Allocation Principles

- The compensation review budget is allocated by the Finance Partner and approved by the HR Director before the review cycle begins.
 - Adjustments should prioritise employees flagged as Below Threshold or with identified peer equity gaps.
 - Remaining budget may be distributed to Watch-flagged employees at the Compensation Analyst's discretion, subject to HR Director review.
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6. Governance

- The Compensation Analyst runs the review analysis and prepares recommendations.
 - The HR Director approves all adjustments before communication to managers.
 - The Finance Partner confirms budget adherence before final approval.
 - Disputes or exceptions are escalated to the HR Director for resolution.
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7. Definitions

Term	Definition
Compa-ratio	Employee total compensation divided by the benchmark midpoint for their role level
Peer equity gap	Percentage difference in total compensation between employees at the same level with comparable performance
Comparable performance	Ratings within one tier of each other on the Meridian performance scale

Open item (v2.1): Section 4.1 uses "six months of service" as the eligibility threshold, but Section 3.3 refers to "comparable performance ratings" without specifying whether a mid-cycle review rating (e.g., a six-month probationary review) qualifies as a valid comparison point. The HR Director has flagged this for resolution in the v2.2 update.