



Gender Pay Gap Report 2020

# Nurturing an equal, diverse and inclusive workplace





# At the heart of any great business are the people that work in it.

**“Since we last published our GPG, the nature and size of the Group has changed, with the successful disposal of Viridor to KKR in July 2020. As such, and in line with reporting regulations, we are reporting against our revised group structure, focused on UK Water.**

And, of course, 2020 has been an unprecedented year, filled with unimaginable challenges, as a result of the pandemic. Challenges at work, at home, in the lives of those we care deeply about, and in the communities across the South West. Everyone has been impacted.

For businesses, across all sectors, adapting to a new normal has been rapid and far-reaching, and will need to become more sustained than we ever could have thought possible. I'd like to pay tribute to our loyal and dedicated employees, who, as key workers, have continued to deliver for customers, adapting, innovating and doing what's right for customers and each other.

At the heart of any great business are the people that work in it and ultimately this is what this report is about. Responsible and trusted businesses today have a duty to make a positive societal contribution – whether that's through promoting social mobility, addressing racial and gender inequality, or in providing secure and meaningful employment where all employees are paid fairly for the job they do.

That has to start with leadership. Pennon is now one of only a handful of top FTSE businesses to have a female CEO, and one of only three, to have both a female CEO and Chair. If there was ever a time for Pennon to put gender and ethnic diversity at the top of its agenda, leading from the top, then that time is now.

In 2021, the spotlight will firmly remain on diversity and inclusion for all underrepresented groups across Pennon and I'm extremely proud to champion that agenda, for everyone who works for the group, and wider.”

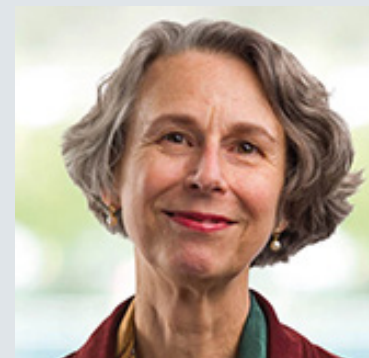
**Adele Barker**  
Group Chief People Officer



Top left: **Susan Davy** CEO

Top right: **Adele Barker** Group Chief People Officer

Bottom left: **Gill Rider** Chair



**Pennon is now one of only a handful of top FTSE businesses to have a female CEO, and only one of three, to have both a female CEO and Chair.**

# All companies employing more than 250 people have been required to publish a Gender Pay Gap report.

**The methodology for calculating the Gender Pay Gap is now more widely understood, as all companies employing more than 250 people have been required to publish this since 2017. It is not a reflection of equal pay, but serves as a valuable tool for companies to assess their policies and progress.**

The information that companies are required to publish is;

## **the Mean and Median Gender Pay Gaps**

### **the percentage of the relevant male and female populations receiving a bonus**

## **the Mean and Median Bonus Gender Pay Gap, and**

### **the distribution of male and female employees in each pay quartile.**

The full details of the different business areas and the Group results are shown at the end of the document.

For the Gender Pay Gap calculations, pay includes all basic pay and permanent allowances, such as skills allowances and car allowances but excludes pay such as overtime which is not connected to regular working hours. Other payments which are excluded are those for expenses and benefits in kind. Employees who have not been receiving normal pay, for example due to a period of long-term ill health, are excluded from the calculations.

The hourly rate for each employee is calculated and ranked in order. The mean hourly rates of male and female colleagues are compared and any resulting difference is the Mean Gender Pay Gap.

The Median Gender Pay Gap is calculated by comparing the middle male colleague and the middle female colleague. Where there is a very large difference in population size, it is possible that colleagues in very different jobs could therefore become direct comparisons to each other.

The same calculation is then done for bonus payments received during the reporting year to provide a Mean and Median Bonus Pay Gap.



*Chloe Llewellyn Customer leakage team, SWW*

# Our gender diversity has improved for the third year running.

**Our gender diversity has improved for the third Year running. As at 5 April 2020 this stood at 28.7%, up from 19.1% in 2017, and as at 1 January 2021 is 29.3%.**

This compares favourably with the Water Industry at 20%. However, we're not complacent and will continue to focus on recruiting more women into all roles across the business and ensuring that no barriers exist for promotional opportunities.

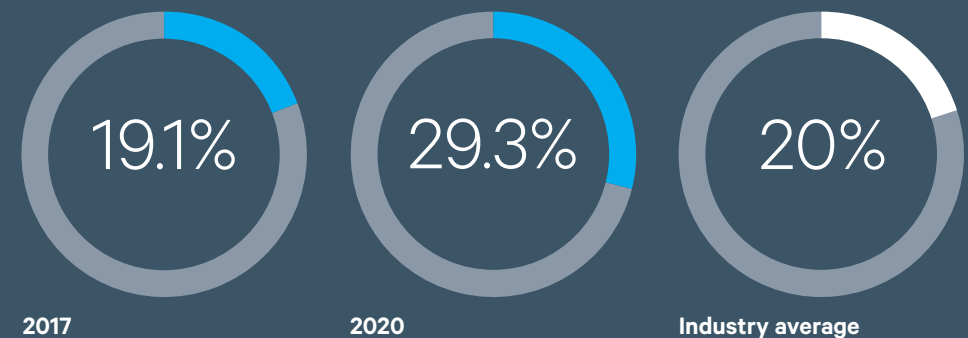
Whilst our overall Pennon GPG has increased slightly from 4.3% to 5.7%, we have seen improvements in both SWW and Source, where the majority (1,784) of our employees across the Group work. Our overall pay gap is still significantly below the national 15.5%.

SWW's GPG has improved from 5.0% to 4.9% and this compares favourably with other similar industry/region comparators, e.g. United Utilities 11.5%, Wessex Water 4.9% and Western Power 8.7%.

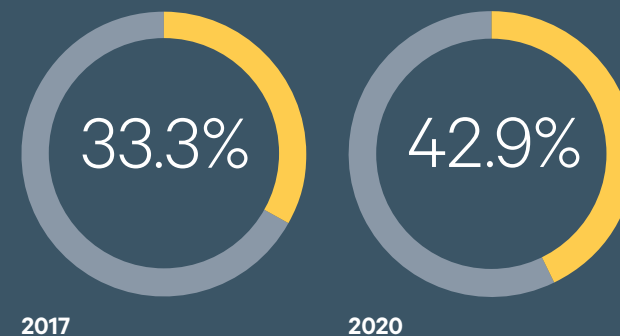
Females received higher bonus payments typically than men and this is evident in our negative mean bonus pay gap of -15.9%. All employees are eligible to participate in a bonus scheme subject to qualifying periods and this is reflected in the high proportion of both male and female employees receiving a bonus.

Our Board diversity is at the upper end of the FTSE businesses – in our Hampton Alexander submission for 2020 we have 42.9% female representation and at Board -2, we are tracking over 40%. This is also driving up representation across the whole business – in Source and PWS we now have 50% equal representation at a first line leader level. In 2017 we reported 18.6% in female representation in the upper quartile. This has increased for 2020 to 25.8%.

## Gender diversity



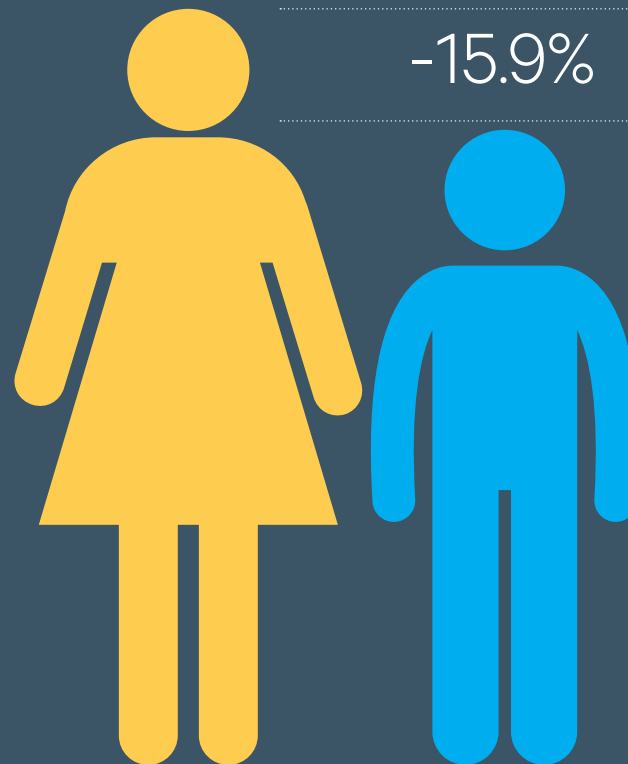
## Board diversity – female representation in the upper quartile



# For the first time, Source, our customer-facing business, has a negative pay gap of -1.4%.

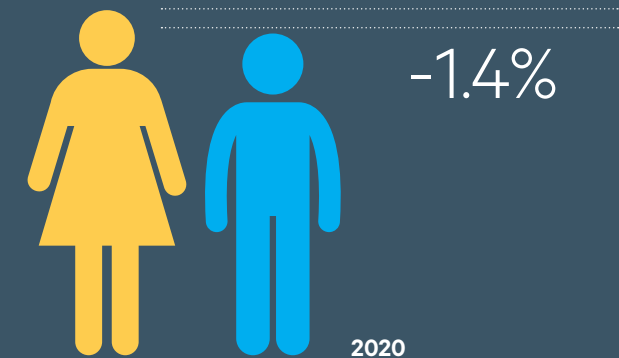
This Mean Hourly Pay means that female employees' hourly pay rate is marginally higher than that of their male colleagues and this has changed significantly from the previous year where males typically earned 5.7% more.

Bonus payments



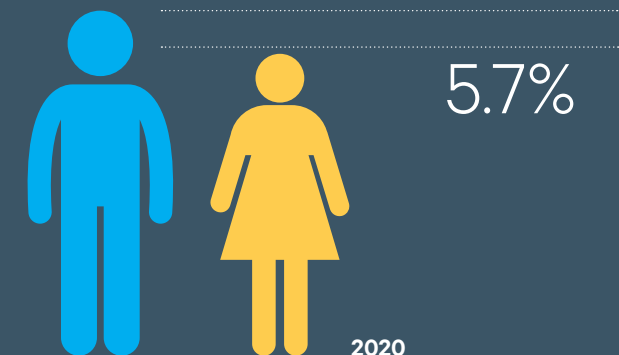
2020

Mean Hourly Pay – Source



2020

Mean Hourly Pay – Pennon Group



2020

We're not complacent and will continue to focus on recruiting more women into all roles across the business.

# Providing practical work initiatives for young people in the South West will help to improve diversity.

**We were the first company in the South West, and the first water company, to sign up to the social mobility KickStart initiative supporting 16–24-year-olds in under-privileged circumstances with work placements.**

This provides a valuable opportunity to build work experience. We hope to encourage participants to stay with us in permanent roles. As one of the largest and most stable employers in the South West, we welcome such initiatives which provide a practical work foundation.

We have also committed to 500 apprenticeships over the next five years and will be launching a new graduate scheme in 2021, both of which will be targeting a diverse intake.

Our progress in increasing our female population supports our contribution to the Women in Water campaign and we will continue to address this in 2021 and beyond.

Pennon became an accredited Living Wage Foundation Company during 2020/21. Historically we had always aligned our pay to the living wage foundation rates, but the accreditation solidifies our commitment to those at the lower end of the pay scale receiving a fair wage, which typically are female.

Pennon is one of the first 50 companies in the UK to become a signatory of the Change the Race Ratio. This initiative will mean that we will commit to publishing ethnicity pay gaps by 2022 ahead of mandated disclosure. We are continuing to strengthen our reporting metrics and expect this to support our identification of successful interventions so we can develop these further. As part of this, we are seeking more direct feedback from our minority groups to support our commitment to build greater inclusion.



Jess Kohler Water Treatment Technician

**We provide valuable opportunities to build work experience that has the potential to lead to a permanent position.**





# Building a diverse workforce for the future.

**Our female new starters have increased from circa 25% in 2011 to nearly 40% in 2020. One of the ways we have achieved this is through the use of a gender decoder tool, ensuring no unconscious bias in our recruitment practice.**

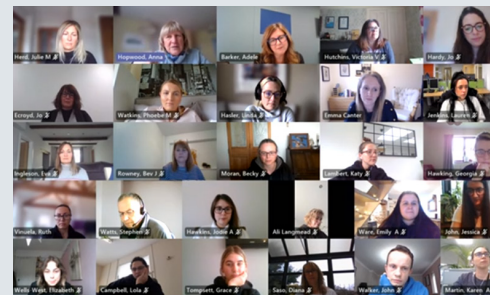
We are also developing insight of our local and national recruitment activity through our analysis of our candidate pool information. This is enabling us to assess our attraction to minority groups and particularly within the local demographics of our regional operatives.

Our planned initiative to provide unconscious bias training is progressing well and all hiring managers will have undergone training in 2021.



We will also continue to be transparent in our reporting. Pennon has, for the second year running, been listed in the Bloomberg Gender-Equality Index (GEI). The index measures gender equality across five key areas: female leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, sexual harassment policies, pro-women brand and monitors disclosure. The report showed Pennon Group performed particularly strongly on gender pay (87%) and disclosure (89%).

Pennon will be celebrating International Women's Day on 8 March 2021 with a week of interviews and focus on female role models in our own organisation as well as prominent women within the UK water industry. By raising awareness of the many outstanding female successes, we will inspire our female colleagues to continue their own great achievements, professionally and personally.



**At the heart of any great business are the people that work in it and ultimately this is what this report is about.**

Top left: **Becky Moran** Media and Campaigns Manager working from home.

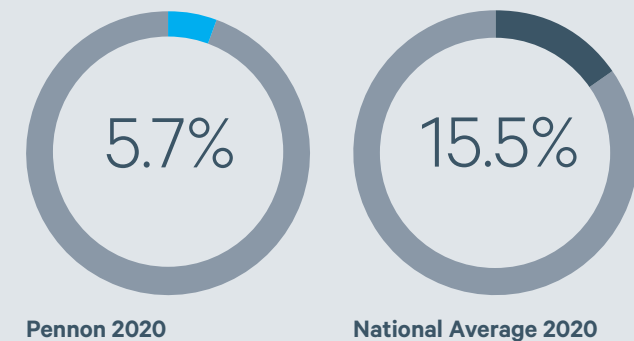
Top right: **Phoebe Laing-Taylor** Training administrator  
Bottom left: Colleagues participating in International Women's Day events

# Full results for our Gender Pay Gap Reporting.

	Employees as at 5th April 2020	Mean Gender Pay Gap in hourly pay % (2020)	Mean Gender Pay Gap in hourly pay % (2019)	Mean year-on-year difference in mean GPG %	Median GPG in hourly pay % (2020)	Median GPG in hourly pay % (2019)	Median year-on-year difference in median GPG %	Proportion of Males who received bonus in previous 12 months (%)	Proportion of Females who received bonus in previous 12 months (%)	Mean Bonus Gender Pay Gap % (2020)	Mean Bonus Gender Pay Gap % (2019)	Mean Bonus year-on-year difference	Median Bonus Gender Pay Gap % (2020)	Median Bonus Gender Pay Gap % (2019)	Median bonus year-on-year difference
Pennon Plc.	110	21.5%	26.8%	-5.3%	16.8%	14.9%	1.9%	73.2%	88.9%	48.0%	49.9%	-1.9%	28.3%	32.5%	-4.2%
Pennon Water Services	142	23.3%	10.2%	13.1%	14.8%	20.0%	-5.2%	80.3%	67.6%	73.0%	73.3%	-0.3%	0.0%	0.0%	0.0%
Source	270	-1.4%	5.7%	-7.1%	0.1%	1.3%	-1.2%	81.4%	83.7%	2.4%	2.9%	-0.5%	3.8%	0.0%	3.8%
South West Water	1514	4.9%	5.0%	-0.1%	11.6%	9.0%	2.6%	86.6%	82.2%	-10.0%	8.1%	-18.1%	3.4%	8.8%	-5.4%
Pennon Group	2036	5.7%	4.3%	1.4%	15.6%	12.7%	2.9%	85.3%	81.4%	-15.9%	-11.6%	-4.3%	3.4%	0.0%	3.4%

	Upper Quartile % of Males	Upper Quartile % of Females	Upper Middle Quartile % of Males	Upper Middle Quartile % of Females	Lower Middle Quartile % of Males	Lower Middle Quartile % of Females	Lower Quartile % of Males	Lower Quartile % of Females
Pennon Plc.	61.5%	38.5%	51.9%	48.1%	53.8%	46.2%	34.6%	65.4%
Pennon Water Services	71.9%	28.1%	45.5%	54.5%	50.0%	50.0%	40.6%	59.4%
Source	55.7%	44.3%	45.2%	54.8%	50.8%	49.2%	50.0%	50.0%
South West Water	78.5%	21.5%	85.5%	14.5%	82.6%	17.4%	64.9%	35.1%
Pennon Group	74.2%	25.8%	82.4%	17.6%	74.4%	25.6%	54.2%	45.8%

## How Pennon's GPG compares to the National Average



Figures for Pennon Group for 2019 adjusted to exclude Viridor.





*Beach clean image taken from the  
Pennon image library, pre-COVID.*

I confirm with this statement that the  
information in this report is accurate.



**Adele Barker**  
Group Chief People Officer