

Gender and Ethnicity Pay Gap Report 2022

# Nurturing an equal, diverse and inclusive workplace



# A responsibility to promote social mobility, address inequality and drive inclusivity across our region.

**As one of the largest employers in the Great South West we have a responsibility to promote social mobility, address inequality and drive inclusivity across our region.**

At Pennon we continue to champion diversity and promote an inclusive workplace, therefore we are delighted to be publishing our Gender Pay Gap report for the sixth year and our very first Ethnicity Pay Gap report as a signatory of Change the Race Ratio.

We recognise that it is important to be open and transparent about the gender and ethnic diversity of our people and this report is a key tool for us to do that, whilst also allowing us to share the measures we have taken and will be taking to continue to create a more diverse workforce across all roles and levels within the organisation.

We also understand the importance of inclusion in retaining our people, ensuring our employees feel valued, have a sense of belonging and feel able to be themselves.

Following the acquisition of Bristol Water we are now working to build a sustainable workforce underpinned by our investment in new talent programmes, with focused support and development for our female colleagues and colleagues from under-represented backgrounds.

We are continuing to provide meaningful career opportunities across the region and have pledged to deliver 1,000 new apprenticeships, and graduate placements and 5,000 work-experience placements by 2030.

The latest FTSE Women Leaders report was published in February 2023 and Pennon has retained first position in the Utilities section. We have made further progress in the two primary metrics, namely the percentage of the Executive Committee and their direct reports (increasing to 47.2% from 44.4%) and the percentage of women on the Board (increasing to 55.6% from 42.9%).

It takes time to build representation at all levels of the Group and that can often be the cause of a pay gap, and I'm therefore delighted that we are one of the few top FTSE businesses, that now has a female majority board and therefore some fantastic role models and mentors. We accept there is more work to do, both in increasing the diversity of our workforce, but also in the quality of information we hold for our employees.

We are committed to creating a sense of belonging and inclusion with a diverse workforce who are fully supported to achieve their goals.

**Adele Barker**  
Group Chief People Officer



**“At Pennon we continue to champion diversity and promote an inclusive workplace, therefore we are delighted to be publishing our Gender Pay Gap report for the sixth year and our very first Ethnicity Pay Gap report.”**

*Adele Barker Group Chief People Officer*

# Developing a diverse leadership pool through our emerging talent programmes

**In our 2021 report, we explained how we had launched our new Graduate Management Programme and set a long-term commitment to recruit 100 graduates by 2025. The programme has proved such a success in attracting both women and ethnically diverse talented graduates, we have doubled our commitment to recruiting 200 graduates by 2030.**

During the first two years, the graduate programme has recruited 55 talented graduates, with over half being female and almost 60% being ethnically diverse or international graduates. Attracting larger numbers of women and ethnically diverse talented employees into Pennon and supporting the water industry has been a core part of our people strategy and we are delighted our graduate programme is helping deliver this outcome whilst providing high-quality career opportunities for all these individuals.

The graduate population are our leaders of the future. As participants reach the end of the structured programme of varied work experience and formal development, many are transitioning into managerial or specialist roles. Our future leaders will come from all backgrounds and support many different business roles, including operational managers, engineers, environmentalists and customer service leaders. Career support will not end at the end of the graduate programme and we are currently establishing our mentoring programme across the Group. We also actively encourage external networking and have seen many graduates attend and present at water industry and international events.

In addition to our graduate programme, we have a long-standing commitment to apprenticeships. This year we have again doubled our commitment and target for apprenticeships to support 1,000 apprenticeships by 2030. Attracting and developing the next generation of talented employees is vital in building resilience in our workforce and ensuring we can deliver the essential services our customers and communities deserve.



**Alongside our graduate and apprentice programmes, we have also provided intern placements across the business. Not only does this support students to experience different work environments and gain practical skills, but helps to create longer-term diverse relationships, advancing representation of different groups within the industry. We are a proud supporter of the 10,000 Black Interns Programme and are pleased to see many of these interns progressing into permanent roles within the Group.**



# Building an inclusive environment

**Building a diverse and inclusive workforce remains a top priority at Pennon. Enabling our people to be themselves and to enjoy their work is a critical part of supporting diversity and equality in the workplace.**

## Leadership

Throughout 2022 and into 2023 all leaders will have attended an 'Inclusive Leadership' training session helping them to understand their legal obligations, challenging behaviours and bias and opening up new ideas and opportunities within their teams.

During 2023 we will be introducing three new mentoring programmes:

- Female mentoring programme to support our female colleagues realise their career aspirations, which will launch on International Women's Day
- Maternity mentoring to increase the proportion of women coming back to their roles after maternity leave and to make the transition less stressful
- Reverse mentoring for our executive and senior team leaders to help them understand what it is like to be an employee at Pennon from an under-represented background and what they as leaders can do to be more supportive.

## Employee Network Groups

Our Women's Network Group have shone a light on our need to talk about previously taboo topics and we have started conversations to break down the stigma. Our first education topic was the menopause, which is different for every woman and can have a profound impact on both physical and mental wellbeing, but remains a largely undiscussed subject.

We partnered with MenoHealth who led a three-part programme looking at the stages of menopause, symptoms, how it can impact you in the workplace and where to find support.

Separately, our Menopause Network Group were delighted to host a team member from MenoHealth to ask questions and have an open discussion about the challenges and impact of the menopause at work.

Our Women's Network Group hosted a session around becoming more adventurous, gaining self-confidence, and dealing with our inner critic. The group will be working with the same external partner throughout the next year for a deeper dive into these areas.

We have reinvigorated our ED&I Steering Group to put more emphasis on decision-making and involvement from our Employee Network Groups, ensuring representation across our network groups within the ED&I Steering Committee. This will deliver greater collaboration between the groups to work together on key issues that impact diversity and inclusion across our business.

***Be yourself, we like it that way.***

*Together, we will build a culture of belonging, where inclusion is instinctive. Diversity is our strength and a reflection of our communities. We care, we value everyone, we celebrate uniqueness. By unleashing the power of diversity we bring water to life.*

## Recruitment

We have spent 12 months working with an external branding agency to redefine our Employer Value Proposition to be more attractive to a wider range of talent pools and relaunched our Careers Website in October 2022 ensuring our imagery was more representative of our workforce.

We aim to reduce unconscious bias in our hiring process from the outset by gender decoding our ads, through to ensuring that interview panels are as diverse/balanced as possible.

We will also be delivering manager training throughout 2023 to enable managers to act inclusively throughout the recruitment process, challenging assumptions and bias.

## Data sharing and communication

About 51% of our employees have shared their ethnicity data with us, compared to 100% for gender, which shows we still have work to do amongst our black, Asian and minority ethnic employees. Gathering employee data continues to be important for us because it allows us to be more targeted in our interventions. During 2023 we will be updating our system to widen our data collection to include fields such as religion and sexual orientation.

This will be supported with a clear communication campaign, encouraging an open and transparent employee culture.

## Hear from two of our female colleagues



**Ozohu Adejumo** Graduate

### **What is the best thing about being a female in Pennon?**

The fact that women are given equal opportunity in terms of applying for positions in the company. Working here also gives women a sense of belonging and a voice to express themselves.

### **How do you find the culture at Pennon?**

I believe it is a work in progress. Pennon has been open to the diversity movement, however, there is more work to be done on equality and inclusion in the organisation.

### **Why did you join one of the network groups?**

I joined the BAME network to have that sense of belonging and also because of how it has helped others in the past in settling into a new job and community. It also allows a forum for people to network with each other and discuss their concerns.

### **What do you think of the changes you are seeing?**

The changes, though slow, have been inspiring to me because it shows that the network has hands-on members and leaders who are ready to go above and beyond to seek change in Pennon.

### **Do you feel you have an opportunity to help shape the future?**

Yes. A great deal. I am bursting with ideas on how we can further promote EDI in Pennon and having an opportunity to be involved in the network will give me the chance to do that.

### **How can we involve you more going forward?**

A good way will be to join the ED&I Steering Group. This will give me a chance to be more involved in projects and give me a chance to communicate change effectively to others with my involvement.



**Fanny Yiu** Analyst, Group IT

### **How do you find the culture at Pennon?**

Positive, open-minded and caring to new voices, minorities and those who are in need.

### **Why did you join one of the network groups?**

To understand other people's stories and their needs and introduce HongKongers' cultures to our colleagues. The network facilitates better relationships and bonding among colleagues with different cultural backgrounds. I also wanted to bring some changes to the company inclusion policies and frontline management awareness.

### **What do you think of the changes you are seeing?**

There is no perfect world for everyone, but I do see lots of improvement and good progress has been made in a short period of time. Every little bit adding up will make a great difference.

### **Do you feel you have an opportunity to help shape the future?**

Definitely, I am really grateful to have these network groups for bringing us together and asking our thoughts. I highly appreciate there's a lot of things going on to follow up on what we've suggested.

### **How can we involve you more going forward?**

Voting opportunities to major employee policy changes and/or prioritisation of implementation maybe?

# The methodology

**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 in this important area.**

**There is no legislation yet regarding Ethnicity Pay Gap reporting, but as a responsible employer we want to be as open and transparent as possible, therefore we are delighted to voluntarily include our first year of Ethnicity Pay Gap data.**

The Gender Pay Gap shows the difference between the average hourly pay for male and female employees across all ages, roles and levels within the organisation. The Ethnicity Pay Gap shows the difference between the average hourly pay for white and ethnic minority employees across the organisation.

The data we are reporting on is:

## **The Mean and Median Pay Gaps**

### **The Mean and Median Bonus Pay Gaps**

### **The distribution in each pay quartile**

For both 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 for the Gender Pay Gap and white and ethnic minority colleagues for the Ethnicity Pay Gap are compared and any resulting difference is the Mean Pay Gap.

The Median Pay Gap is the middle number when all the numbers are ranked in numerical order. 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.

**The full details of our results are shown at the end of the document.**



*Kalyani Sanjay Bhase Graduate*

# Understanding our Gender Pay Gap

Since our last report, the composition of the Group has further evolved with the acquisition of Bristol Water plc. Shortly after the 2021 snapshot date, the Group completed the purchase, welcoming over 500 additional colleagues.

Bristol Water is reflective of the industry with a high proportion of male employees. The customer service operation, which is more likely to have higher female representation is outsourced. Inevitably this does lead to a larger gap in this part of the Group. We are already implementing our wider Group strategy to increase the number of female colleagues and wider diversity into the operational areas through our early years career schemes and we are confident that this will support a reduction in the Gender Pay Gap over the coming years.

Our 2022 Mean and Median Pay Gaps have both seen a decrease since 2021 which shows positive steps in the right direction.

## Highlights include:

- A decrease of nearly 10% of the Mean Gender Pay Gap in Pennon Water Services
- A decrease of 1.38% of the Mean Gender Pay Gap in South West Water.

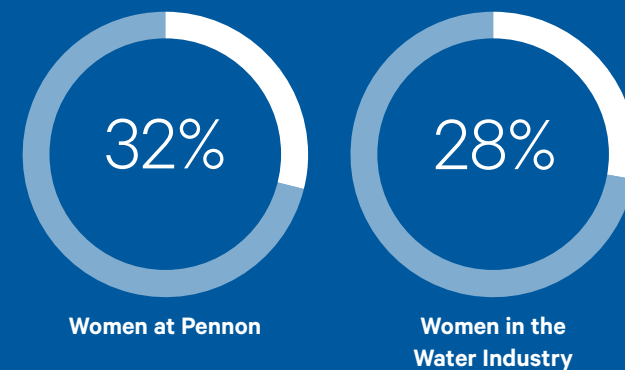
This has led to a Mean Gender Pay Gap of 8.41% for Pennon Group overall, which is nearly a 1% decrease since last year, with our Median Gender Pay Gap dropping by 3%.

We have made progress in attracting women into our frontline operational roles, which whilst providing a future pipeline as part of our talent pool, will have impacted the overall reduction in the pay gap.

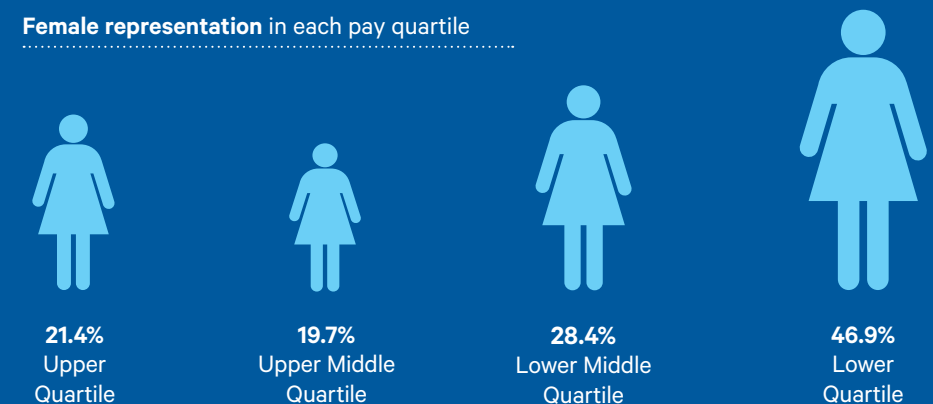
As we look to develop female representation at all levels, the pay gap will fluctuate as a result of this. However, we expect to see a change in this over the coming year as we continue to build an environment for women to thrive and develop their careers.

Our Mean Bonus Pay Gap for the Group of -30% has reduced slightly from last year, but means that on average, our female employees' bonus is 30% higher than our male employees. This is a result of our strong female representation at leadership levels.

## Gender diversity



## Female representation in each pay quartile



# Understanding our Ethnicity Pay Gap

We have reported two measures of our Ethnicity Pay Gap, the Median and the Mean.

MEAN  
**10.3%**

MEDIAN  
**13%**

The difference in annual bonus pay between white and ethnic minority employees in 2022 is:

MEAN  
**53%**

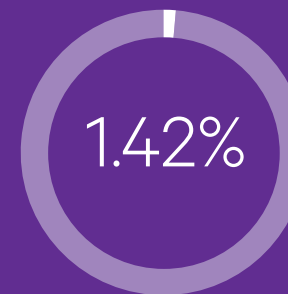
MEDIAN  
**0.67%**

Our Mean Bonus Pay Gap is 53% meaning that our white employees' bonus is on average 53% higher than ethnic minority employees. This is as a result of low ethnic representation in our Executive and Senior Manager population.

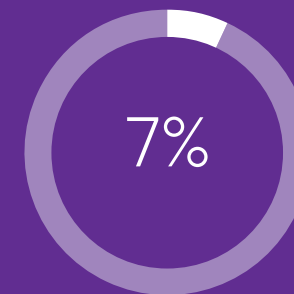
Across the Group we have been working hard to attract a greater number of ethnically diverse candidates to apply for our job vacancies. We are delighted to have received around 26% of all job applications from ethnically diverse candidates during the year. We have been mindful in ensuring a large proportion of our people images used in the job adverts are of ethnically diverse employees.

Furthermore, by offering dedicated support to new employees through the graduate programme and supporting the 10,000 Black Interns Programme, these approaches have both helped to further attract ethnically diverse applicants. As many of these applicants are recruited and progress their careers, we anticipate them having a further positive impact on our Ethnicity Pay Gap.

## Ethnic diversity



Ethnic diversity at Pennon



Ethnic diversity in the Water Industry

## Ethnic representation in each pay quartile



3.1%  
Upper  
Quartile



2.7%  
Upper Middle  
Quartile



4.2%  
Lower Middle  
Quartile



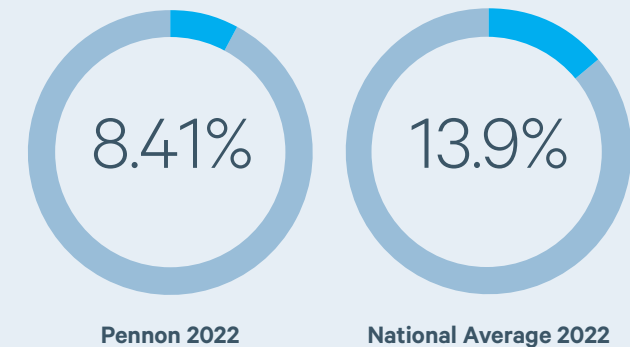
5.2%  
Lower  
Quartile

# Full results for our Gender Pay Gap Reporting

	Employees as at 5th April 2022	Mean Gender Pay Gap in hourly pay % (2022)	Mean Gender Pay Gap in hourly pay % (2021)	Mean year-on-year difference in Mean Gender Pay Gap %	Median Gender Pay Gap in hourly pay % (2022)	Median Gender Pay Gap in hourly pay % (2021)	Median year-on-year difference in Median Gender Pay Gap %	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 % (2022)	Mean Bonus Gender Pay Gap % (2021)	Mean Bonus Gender Pay Gap year-on-year difference	Median Bonus Gender Pay Gap % (2022)	Median Bonus Gender Pay Gap % (2021)	Median Bonus Gender Pay Gap year-on-year difference
Pennton Plc.	65	5.13%	6.65%	-1.53%	12.06%	24.53%	-12.47%	87.50%	81.82%	-58.40%	-2.65%	-55.75%	3.11%	65.30%	-62.19%
Pennton Water Services	142	16.24%	26.10%	-9.86%	13.23%	20.40%	-7.17%	78.21%	84.0%	7.24%	38.49%	-31.25%	0.0%	0.0%	0.0%
Source	308	4.15%	2.88%	1.27%	2.57%	3.21%	-0.64%	91.27%	84.33%	14.40%	17.88%	-3.49%	1.08%	3.89%	-2.81%
South West Water	1,676	5.36%	6.73%	-1.38%	11.04%	11.42%	-0.38%	76.00%	81.14%	-11.71%	-28.36%	16.65%	15.49%	0.0%	15.49%
Bristol Water	553	15.5%	11.20%	4.3%	16.56%	14.40%	2.16%	84.69%	77.44%	11.84%	25.60%	-13.76%	9.38%	19.40%	-10.02%
Pennton Group	2,744	8.41%	9.21%	-0.79%	15.43%	18.45%	-3.02%	88.23%	82.17%	-30.46%	-43.07%	12.61%	18.39%	0.0%	18.39%

	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
Pennton Plc.	56.3%	43.8%	50.0%	50.0%	62.5%	37.5%	29.4%	70.6%
Pennton Water Services	68.6%	31.4%	52.8%	47.2%	51.4%	48.6%	38.9%	61.1%
Source	53.2%	46.8%	51.9%	48.1%	39.0%	61.0%	45.5%	54.5%
South West Water	80.9%	19.1%	84.5%	15.5%	81.6%	18.4%	63.5%	36.5%
Bristol Water	84.1%	15.9%	69.6%	30.4%	75.4%	24.6%	54.0%	46.0%
Pennton Group	78.6%	21.4%	80.3%	19.7%	71.6%	28.4%	53.1%	46.9%

## How Pennton's Gender Pay Gap compares to the National Average



# Full results for our Ethnicity Pay Gap Reporting

	Mean Ethnicity Pay Gap (%)	Median Ethnicity Pay Gap (%)	Proportion of REACH employees who received bonus in previous 12 months (%)	Proportion of white employees who received bonus in previous 12 months (%)	Mean Bonus Pay Gap as % of white	Median Pay Gap as % of white
<b>Pennon Plc.</b>	-5.45%	-41.90%	<b>100%</b>	88.10%	78.16%	-42.62%
<b>Pennon Water Services</b>	-1.14%	2.11%	<b>66.67%</b>	84.78%	58.26%	0.00%
<b>Source</b>	10.62%	4.02%	<b>47.83%</b>	90.78%	20.05%	6.50%
<b>South West Water</b>	17.72%	15.35%	<b>83.33%</b>	87.10%	2.95%	-7.65%
<b>Bristol Water</b>	3.83%	2.55%	<b>66.67%</b>	83.27%	67.73%	0.18%
<b>Pennon Group</b>	10.301%	13.15%	<b>61.67%</b>	87.64%	53.38%	0.67%

Ethnicity Pay Gap Quartiles by company	UPPER		UPPER MIDDLE		LOWER MIDDLE		LOWER QUARTILE	
	REACH	White	REACH	White	REACH	White	REACH	White
<b>Pennon Plc.</b>	<b>0%</b>	100%	<b>10.0%</b>	90.0%	<b>0%</b>	100%	<b>0%</b>	100%
<b>Pennon Water Services</b>	<b>7.1%</b>	92.9%	<b>18.2%</b>	81.8%	<b>15.4%</b>	84.6%	<b>10%</b>	90%
<b>Source</b>	<b>0.0%</b>	100%	<b>2.9%</b>	97.1%	<b>8.7%</b>	91.3%	<b>3.7%</b>	96.3%
<b>South West Water</b>	<b>1.9%</b>	98.1%	<b>1.6%</b>	98.4%	<b>5.8%</b>	94.2%	<b>2.6%</b>	97.4%
<b>Bristol Water</b>	<b>5.8%</b>	94.2%	<b>1.4%</b>	98.6%	<b>5.8%</b>	94.2%	<b>4.3%</b>	95.7%
<b>Pennon Group</b>	<b>3.1%</b>	96.9%	<b>2.7%</b>	97.3%	<b>4.2%</b>	95.8%	<b>5.2%</b>	94.8%

There is no national average data to compare this to as Ethnicity Pay Gap reporting is not yet mandatory for organisations in the UK





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

A handwritten signature in black ink, appearing to read "Adele Barker", is positioned above the printed name.

**Adele Barker**  
Group Chief People Officer