



Gender and Ethnicity Pay Gap report 2024

Nurturing an equal, diverse and inclusive workplace



Building a transparent and inclusive workplace

I'm pleased to share Pennon Group's 2024 Gender and Ethnicity Pay Gap Report, reflecting our on-going commitment to transparency, diversity and inclusion.

With a workforce comprising just under 4,000 dedicated colleagues, it's important that we inspire and enable colleagues to achieve their potential by welcoming different experiences, insights, skills and expertise.

It is our responsibility to contribute positively to society by cultivating an environment that promotes social mobility, prioritises diversity and inclusion and ensures equitable treatment for all colleagues, regardless of background.

Following the acquisition of Sutton and East Surrey (SES) Water we have grown in numbers, diversity and also now have a bigger geographical presence outside of the South West.

Our ambition is to represent the diversity of our communities and customers, and transparency lies at the heart of our commitment to be an inclusive employer. We understand that building an inclusive workplace is imperative not only for attracting new talent but also for retaining our valued colleagues.

We encourage our colleagues through our 'Be You' value, which champions bringing your best self to work, every day, and ensuring colleagues are proud of themselves and of working for Pennon, ensuring everyone feels like they belong.

We recognise that while our REACH representation has grown and there have been some positive movements in our data, we still have more to do. We are committed to continuing our efforts to build representation at management and senior levels and we remain resolute in our efforts to attract, retain and nurture talent from diverse backgrounds.

Adele Barker
Group Chief People Officer



“Transparency lies at the heart of our commitment to be an inclusive employer. We understand that building an inclusive workplace is imperative to attract new talent and retain our valued colleagues.”

Progress made so far

Pennon recognises its pivotal role in fostering diversity and inclusion within the South West of England landscape and beyond.

Women FTSE Leaders

We continue to be recognised through the FTSE Women Leaders report, ranking third in the FTSE 250 Women on Board listing.

Employee-led inclusion

Our Employee Network Groups continue to play an important role in raising awareness and promoting change. These groups have focused on raising awareness about the challenges that under-represented groups face. We now have Executive level Sponsors to drive momentum through these groups.

Social Mobility Pledge

Our dedication to increasing social mobility remains steadfast. We still have stretching targets including to offer structured programs to 1,000 graduates and apprentices by 2030 and provide work placements for 5,000 young people which highlights our commitment to nurturing talent and fostering understanding of our industry. We now support the Social Mobility Business Partnership bringing work experience and career mentoring to students from low-income backgrounds in the South-West.

We continue to support the **Change the Race** ratio initiative and the **10,000 Black Interns** initiative and report on our progress regularly.

Reciprocal Mentoring Programme

The Programme paired members of our REACH Network Group with members of our Executive and Leadership Team, with 40% of our Executive actively involved. The aim of the Programme is for all participating colleagues to share their lived experiences and encourage actionable behaviours from those involved.

Namita Pezheri: *“It created a non-judgemental space for open conversations, where we could both share experiences and gain new perspectives... Most importantly, it encouraged me to think beyond my day-to-day role and see the bigger picture. It’s been a truly valuable experience that has shaped how I approach leadership and drive change.”*

Richard Price, Executive: *“The Reciprocal Mentoring Pilot is a fantastic way to connect with colleagues at a different: point in their careers, generations (Gen Z), gender, ethnicity and background. Informal conversations have been free flowing and without the paradigms and perceived barriers of normal business activities.”*



Namita Pezheri



LEAD Programme: Leadership training

Our leadership philosophy provides and promotes benefits of an inclusive workforce and how to manage the differing needs to ensure all colleagues bring their true selves to work. The LEAD Programme has been completed by over 60 Managers, to drive forward the wide adoption of inclusive line management skills, enabling colleagues to thrive at work irrespective of their ethnicity, social status or gender. The LEAD Programme also encourages colleagues from minority ethnic groups to take part in order to support their development.



84% report increased confidence in their ability to lead and manage change.



58% report an increase in responsibilities / number of direct reports.



74% report improved team collaboration, relationship management, and performance.



53% invested in their own / their team's continued professional development.



26% report getting promoted / attending interviews / moving internally.

*“My team’s **productivity** is **higher** and everyone is **happier**”*

Natural Resources

*“I have used the skills to **support** and **motivate** my team, avoiding any additional pollutions and >£1.8 million in penalties”*

Operational Shared Services

*“Two of my team have gained a **promotion**”*

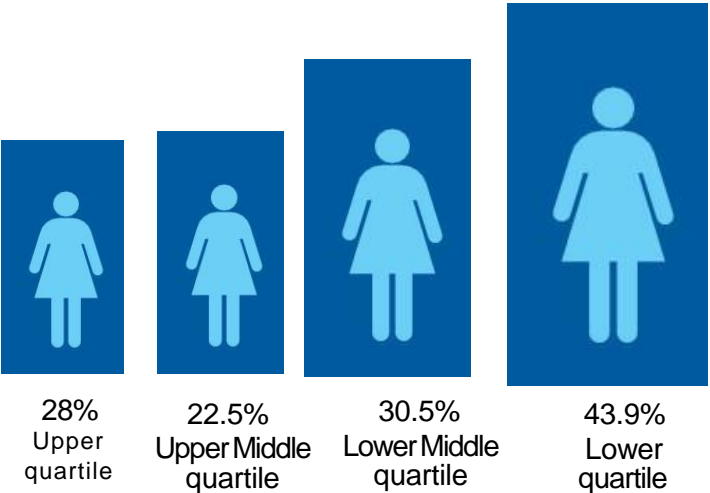
Incident Response Manager

Understanding our Gender Pay Gap

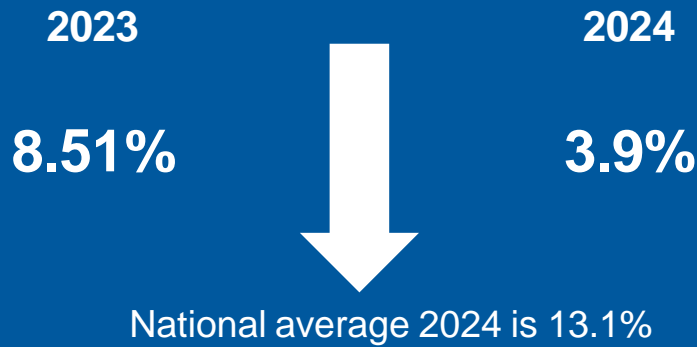
This year, Pennon Group's Gender Pay Gap (GPG) has reduced to 3.9% and remains consistently lower than the national average of 13.1%.

The reduction of the Mean GPG is attributed to a few factors; firstly, an increase in the number of women on the Senior Leadership team after championing shortlists with female representation, putting an increased focus on female development schemes in the business and the inclusion of SES which brings more balanced representation across the quartiles.

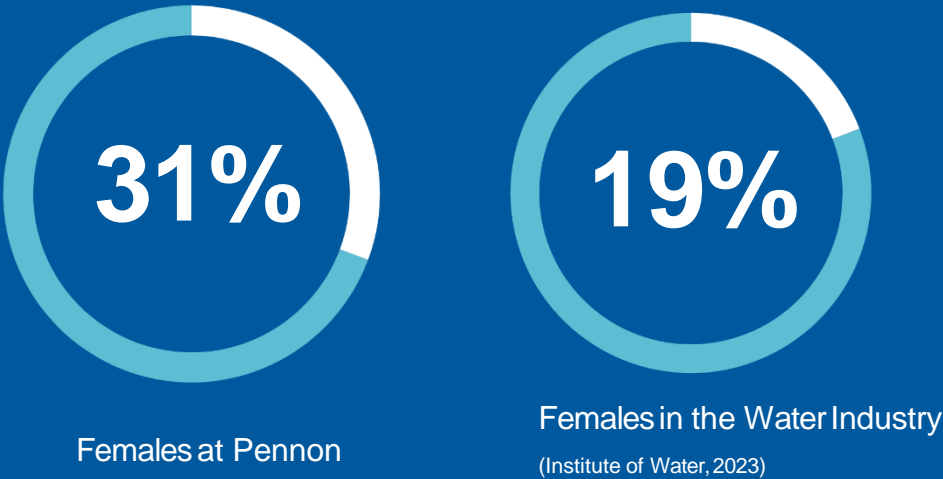
Concurrently, the Median GPG has seen a decrease of over 3% to 11.1%, which is indicative of an increase in female representation, particularly within the upper quartiles, where female representation has increased from 25.6% to 28.0%. This increase in female representation in senior leadership roles is testament to on-going efforts and initiatives to improve female representation. Furthermore, the bonus gap remains in favour of women reflecting the higher number of women in roles with a greater bonus opportunity.



Mean Gender Pay Gap



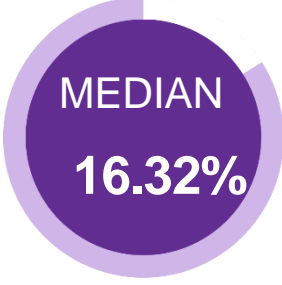
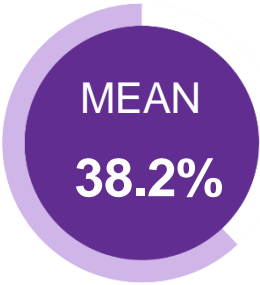
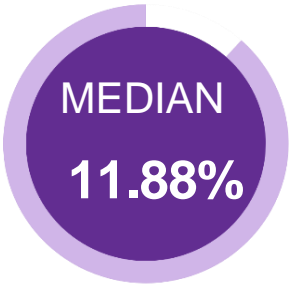
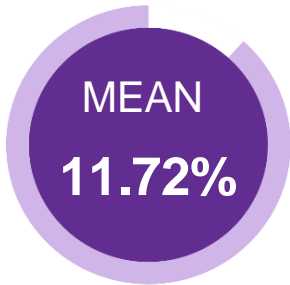
Gender Diversity



Understanding our Ethnicity Pay Gap

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

The difference in annual bonus pay between ethnic colleagues and non-ethnic colleagues in 2023 is:



Both the Mean and the Median ethnicity Pay Gap show a small decrease which reflects an increase in ethnic representation in our upper quartiles.

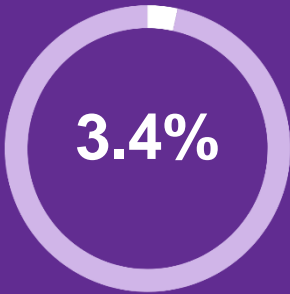
Ethnic representation in each pay quartile



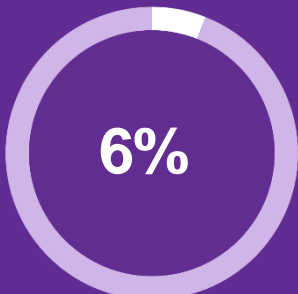
4.8%	4.0%	11.1%	10.8%
Upper quartile	Upper middle quartile	Lower middle quartile	Lower quartile

The Ethnicity Bonus Gap has increased in 2024 which could be attributed to a higher number of REACH starters in the period which has had a negative impact due to the timing of the data and the bonus payment date. We also note that this could be attributed to an increase in REACH representation in the lower quartiles who will receive a lower comparative % bonus payout against a more senior population which has less REACH representation who receive a higher % bonus payout.

Ethnic Diversity



Ethnic Diversity In Pennon Group



Ethnic Diversity In South West Region*

Action Planning for Ethnicity Pay Gap

- Board directors and other executives to sponsor colleagues from minority ethnic groups
- Target senior recruitment to include shortlisted candidates from minority ethnic groups
- Develop leadership programme to support growth and development of leaders from minority ethnic groups
- Encourage colleagues to update their diversity data to improve accuracy of reporting

*Gov.UK Census data 2021

Full results for our Gender Pay Gap Reporting

	Employees as at 5 th April 2024	Mean Gender Pay Gap in hourly pay% (2024)	Mean Gender Pay Gap in hourly pay% (2023)	Mean year-on- Year difference in Mean Gender Pay Gap%	Median Gender Pay Gap in hourly pay% (2024)	Median Gender Pay Gap in hourly pay% (2023)	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 % (2024)	Mean Bonus Gender Pay Gap % (2023)	Mean Bonus Gender Pay Gap year-on- year difference	Median Bonus Gender Pay Gap % (2024)	Median Bonus Gender Pay Gap % (2023)	Median Bonus Gender Pay Gap year- on- year difference
Pennon plc.	100	21.78%	10.83%	10.96%	26.88%	21.58%	5.30%	78.05%	81.97%	-381.63%	-252.09%	-252.09%	48.11%	37.84%	10.27%
Pennon Water Services	159	17.25%	18.12%	-0.87%	11.42%	12.34%	-0.91%	84.09%	87.91%	-9.28%	29.02%	29.02%	4.63%	13.70%	-9.06%
SWWCustomer Service	366	1.02%	1.51%	-0.50%	1.73%	0.77%	0.96%	92.78%	95.54%	20.56%	-10.82%	-10.82%	6.68%	16.56%	-9.88%
SES*	455	6.76%			10.77%			76.27%	82.42%	27.71%			0.00%		
South West Water	2,696	3.53%	6.72%	-3.20%	8.28%	9.11%	-0.83%	92.80%	91.89%	0.15%	-34.68%	34.68%	5.25%	37.11%	-31.86%
Pennon Group	3,776	3.92%	8.51%	-4.59%	11.14%	14.36%	-3.22%	90.44%	90.44%	-67.30%	-99.73%	32.43%	8.91%	37.16%	-28.25%

*Not included in last year's report

Full results for our Gender Pay Gap Reporting

	Upper quartile % males	Upper quartile % females	Upper middle quartile % males	Upper middle quartile % females	Lower middle quartile % males	Lower middle quartile % females	Lower quartile % males	Lower quartile % females
Pennon plc.	52.0%	48.0%	44.0%	56.0%	48.0%	52.0%	12.0%	88.0%
Pennon Water Services	74.4%	25.6%	45.0%	55.0%	37.5%	62.5%	40.0%	60.0%
SWWCustomer Service	49.5%	50.5%	52.2%	47.8%	36.3%	63.7%	55.4%	44.6%
SES*	69.9%	30.1%	71.1%	28.9%	55.3	44.7%	60.5%	39.5%
South West Water	75.1%	24.9%	82.3%	17.7%	77.0%	23.0%	64.1%	35.9%
Pennon Group	72.0%	28.0%	77.5%	22.5%	69.5%	30.5%	56.1%	43.9%

*Not included in last year's report

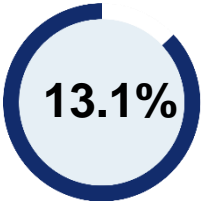
We confirm that the information on our gender pay gap is accurate as at the time of submission.



Adele Barker,
Group Chief People Officer



FY24
Pennon GPG



National
Average

Full results for our Ethnicity Pay Gap Reporting

	Mean Ethnicity PayGap(%)	Median Ethnicity Pay Gap(%)	Proportionof REACH employeeswho received bonus in previous12 months (%)	Proportionof white employeeswho receivedbonus in previous12 months (%)	MeanBonusPay Gap as% of white colleagues	MedianBonus PayGap as% of white colleagues
Pennon plc.	36.40%	15.46%	0.00%	91.10%	100.00%	100.00%
Pennon Water Services	31.37%	28.26%	100.00%	95.30%	60.54%	9.65%%
SWWCustomer Service	7.20%	-0.69%	100.00	97.50%	12.47%	-5.91%
SES*	8.4%	14.09%	66.70%	75.40%	73.23%	0.00%
South West Water	8.89%	11.34%	87.80%	93.00%	19.55%	19.34%%
Pennon Group	11.72%	11.88%	84.60%	92.10%	38.20%	16.32%

*Not included in last year's report

Ethnicity Pay Gap Quartiles by company	UPPER		UPPER MIDDLE		LOWER MIDDLE		LOWER QUARTILE	
	REACH	White	REACH	White	REACH	White	REACH	White
Pennon plc.	0.0%	100.0%	0.00%	100.0%	9.1%	90.9%	0.00%	100.0%
Pennon Water Services	6.7%	93.3%	6.7%	93.3%	22.2%	77.8%	28.6%	71.4%
SWWCustomer Service	3.5%	96.5%	10.5%	89.5%	4.7%	95.3%	3.8%%	96.2%%
SES*	11.1%	88.9%	10.7%	89.3%	12.2%	87.8%	20.0%	80.0%
South West Water	4.7%	95.3%	3.5%%	96.5%	8.8%	91.2%	6.7%	93.3%
Pennon Group	4.8%	95.2%	4.0%	96.0%	10.3%	89.7%	7.5%	92.5%

*Not included in last year's report

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



