

GENDER PAY GAP



MARCH 2022

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INTRODUCTION

At Welsh Water, we fully understand the benefits that having a diverse multi-talented workforce brings and we have continued to seek to reflect the communities that we serve.

We also understand our challenges in an industry historically perceived to be male dominated in common with many organisations where roles have STEM skills such as engineering.

We are passionate about developing a culture where anyone, regardless of gender or background, can carry out any role to the best of their ability and have the opportunity to do so. We recognise we have a long way to go in building the inclusive environment

that allows everyone from all our communities to thrive across all areas of our business. However, the positive movement in our Gender Pay Gap over the last five years shows the impact of our work to date.

We have made progress in encouraging more applications from women and appointing women in a variety of roles. Women make up just under 30% of our total workforce (from around 21% a decade ago).

We continue our commitment to create an inclusive workforce. This year has seen our newly formed Women's Network gain over 100 members, and through working within the network we have been able to gain feedback and share different initiatives such as: menopause awareness webinars, breast cancer awareness webinars, reverse mentoring and adding a 'Safe Space', which is a discreet space on our website to enable people to reach out if they are experiencing domestic abuse.

We have also expanded our team of Inclusivity Ambassadors, whose inspirational work is helping build on

the progress we've made in creating an environment where everyone can be themselves at work.

For this report, the gender pay gap is defined as the overall median and mean gender pay gap and bonus gap (based on hourly rate of pay at the snapshot date of 5 April 2021 and bonuses paid in the year to 5 April 2021) regardless of role or seniority. It is important to note that this is different to the principle of equal pay – all men and women at Welsh Water receive equal pay for performing equal work.

We will continue with our efforts to attract, support, and retain more women in all areas of Welsh Water – for the long term.



Martin Driscoll

Business Support & People Director

WORKFORCE PROFILE

We continue our long-term trajectory of seeing an increase in the number of women employed at Welsh Water. We remain focused on increasing this through ensuring our recruitment and attraction strategies encourage applications from diverse backgrounds.

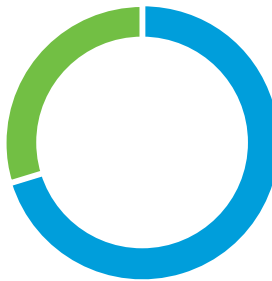
2021

TOTAL

3,538 employees

Men: 2,485

Women: 1,053



29.8% 70.2%

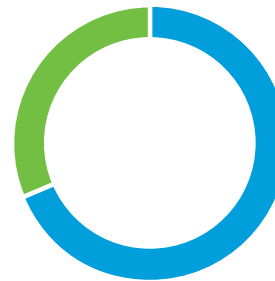
WOMEN MEN

EXECUTIVE

16 Members

Men: 11

Women: 5



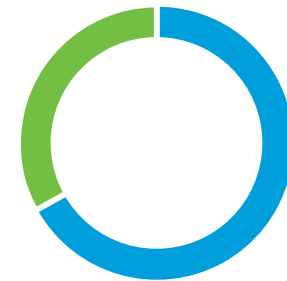
31.2% 68.8%

BOARD

9 Directors

Men: 6

Women: 3



33.3% 66.6%

The number of women in the workforce has increased overall this year by 0.8%. However, we have seen a reduction in the ratio of women at executive level as a result of some additional appointments in the Executive team.

Our Welsh Water 2050 strategy builds in a strategic approach to addressing the long-term resilience of the workforce and inclusivity and diversity are key.

We are making progress and we are pleased to see an increase to almost 30% of women in the workforce compared with 21% in 2012.

CHWARAE TEG – STEP TO NON-EXEC SCHEME

Last year we had another colleague, Victoria Collier, who took part in a step to non-exec programme. Victoria has recently been promoted into a Catchment Manager role.

Victoria Collier

Catchment Manager, Wastewater Networks



Three words I would use to describe my placement are Empowering, Engaging, and Enabling...

... The opportunity to be exposed to the strategic and policy discussions held at board level has been hugely valuable to me and has guided me to a new way of thinking.

My placement with Building Communities Trust has really inspired me and I hope to take this learning and apply it to my role. It has also given me confidence to apply for similar roles in the future.



GENDER PAY GAP – OUR PROGRESS

WHY IS THERE A GENDER PAY GAP?

Welsh Water pays the same to employees that do the same work. We have robust processes in place to ensure this happens routinely.

The water industry has traditionally been male dominated, and as, like other companies in the industry, we are passionate about developing people and promoting from within Welsh Water, historically there have been more men than women on career paths in the operational roles that can lead to senior management and director roles.

DEFINITIONS

Median

The difference between the midpoints in the ranges of men's and women's pay

Mean

The difference between the average of men's and women's pay

OUR PROGRESS

Our long-term challenge is to increase the number of females that are recruited into the organisation at lower bands although this would have a short-term negative impact on the pay gap, in particular as we actively recruit more female graduates and apprentices. However, as these female colleagues continue their career, and advance through the business, the pay gap would decrease again.

We have continued to work with key organisations, including Chwarae Teg, Women in Science and Engineering (Wise), and the Education Engineering Scheme Wales to increase awareness of Welsh Water as an employer of choice and to highlight the career opportunities available to develop and retain our female colleagues. We have also supported our Inclusivity Ambassadors in continuing their commitment to assisting with the ongoing development and achievement of our Inclusivity Action Plan.

We understand we have a lot to do to achieve a workplace representative of the communities in which we work and live.

PAY GAPS

For this report, the gender pay gap is defined as the overall median and mean gender pay and bonus gap (based on hourly rate of pay at the snapshot date of 5 April 2021 and bonuses paid in the year to 5 April 2021) regardless of role or seniority.

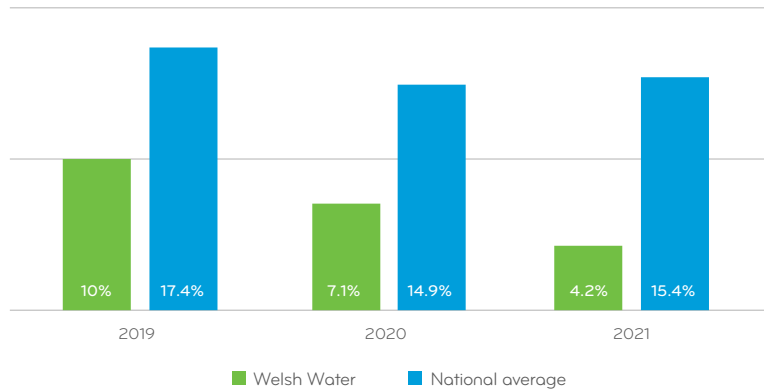
It is important to note that this is different to the principle of equal pay – where all men and women at Welsh Water receive equal pay for performing equal work.

At the time of the Gender Pay Gap 'snapshot' in April 2021 the workforce was 29.8% female 70.2% male which is consistent with both 2020 and 2019.

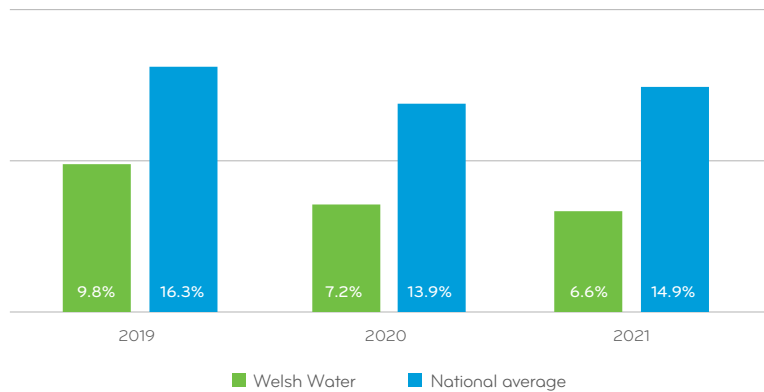
GENDER PAY GAP

As at April 2021 the Welsh Water pay gap statistics were:

MEDIAN GAP



MEAN GAP



There has been a year on year decrease in both the median and mean pay gaps when compared to 2019 and 2020. The median gap has reduced from 7.1% in 2020 to 4.2% in 2021, and the mean gap has reduced from 7.2% in 2020 to 6.6% in 2021.

Whilst there are always a variety of factors that affect gender gaps, the main factors in the reduction in 2021 are the increase in women in Quartiles 3 and 4 (in more senior roles within the organisation) and also the split of men and women in less senior roles particularly in Quartile 1 in which the percentage of men has increased.

DEFINITIONS

Median

The difference between the midpoints in the ranges of male and female pay. This is the figure most often quoted in the press and other publications. (2021 national average is not finalised and based on UK submissions so far).

Mean

The difference between the average male and female pay. (2021 national average is not finalised and based on UK submissions so far).

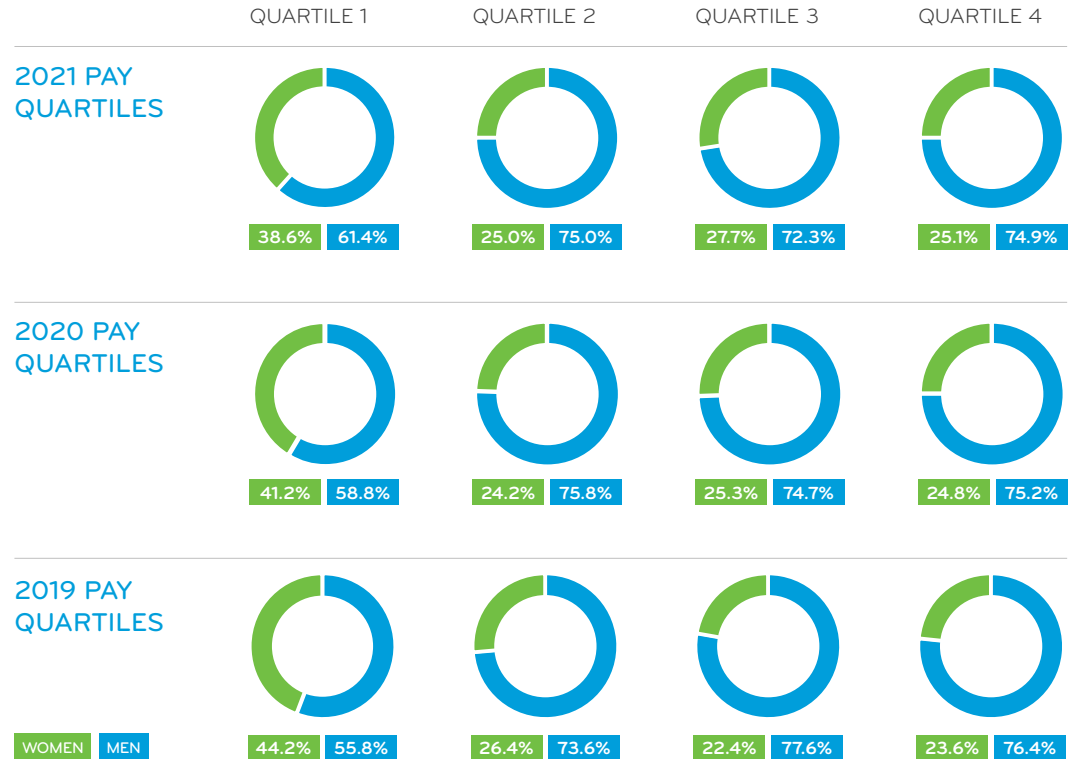
PERCENTAGE OF MEN AND WOMEN IN EACH PAY QUARTILE

OUR PROGRESS

We have seen a shift in the proportion of women employed in the upper two (Q3 and Q4) quartiles in the past year, which indicates that women are being recruited/promoted to roles at the upper end of the organisation.

DEFINITIONS

The distribution of men and women is shown in pay quartiles which are calculated by splitting the workforce into four bands with equal numbers of employees, based on hourly pay from the lowest (Quartile 1) to the highest (Quartile 4). The percentage of men and women is then calculated for each quartile.



The gender split of the workforce overall has remained relatively constant year on year, with 29% female and 71% male in both 2019 and 2020. As per previous reports changes in each pay quartile, particularly an increase in females in quartiles 3 and 4, reduces the gender pay gap overall. The reduction in gender pay gap in 2021 is partly because of the split within each quartile moving more in line with the gender split of the workforce overall.

Long-term, we are committed to focusing on recruitment of women in all areas of our work, particularly at graduate and apprenticeship level, which we expect to impact the gender pay gap further as women progress to more senior positions in the company.

BONUS PAY GAP

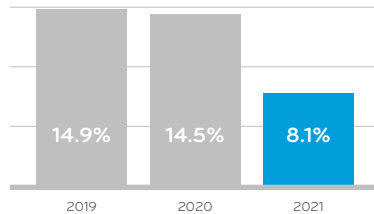
Our bonus scheme is designed to incentivise and motivate colleagues across the company to deliver the best possible performance and help us earn the trust of all our customers, every day. The scheme does not discriminate on the basis of seniority and is linked to company wide performance targets which are applied equally across all grades – with the addition that colleagues, managers and directors in band 6 and above also have personal performance targets to meet.

As at April 2021 the Welsh Water bonus pay gap statistics were:

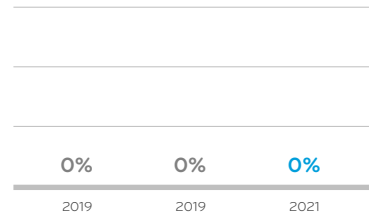
Median 0% (2020 - 0%)

Mean 8.1% (2020 - 14.5%)

MEAN GAP



MEDIAN GAP



BONUS PAY GAPS – MEAN AND MEDIAN CALCULATIONS

We use the same criteria to award variable pay to all colleagues, regardless of gender or any other characteristics. There are different % of Annual Variable Pay awarded dependent on Band, however, our Colleague Reward Scheme for the lower 5 bands in the organisation is paid at a set amount based on Company performance.

Mean Bonus Gap calculation

Our mean bonus gap decreased from 2020-21 from 14.5% to 8.1% which was due to a reduction in the gap between Annual Variable Pay awards and the Colleague Reward award in the 12 months leading to the capture dates. We expect this to increase next year and be more in line with previous years' results.

Median Bonus Gap calculation

As the bonus calculations are based on band and performance across the company, and the largest number of employees are employed in the bands of the organisation where a flat rate Colleague Reward is payable to everyone, we will continue to have no median gap.

DEFINITIONS

Median

The difference between the midpoints in the ranges of bonuses paid to male and female colleagues.

Mean

The difference between the average of the bonuses paid to male and female colleagues.

OUR WORK: HOW WE ARE BUILDING AN INCLUSIVE WORKPLACE

Building an inclusive workplace where women can be themselves, and thrive, in any area of the business is a top priority for us – however, we recognise that more is needed to achieve parity and the Executive team is putting a great deal of focus into work to narrow the pay gap, including working proactively to engage with local communities as part of our Inclusivity Strategy.

Over the past two years, we have introduced the role of Inclusivity Ambassadors to promote and assist with the ongoing development and achievement of our Inclusivity Action Plan. Our ambassadors continue their commitment to promoting an inclusive culture across the business.

We will continue to work with key organisations, including Chwarae Teg, Women in Science and Engineering (Wise) and the Education Engineering Scheme Wales to increase awareness of Welsh Water as an employer of choice and to highlight the career opportunities available to develop and retain our female colleagues.

OUR FOCUS

We continue to focus on providing support and training for women already working at Welsh Water to ensure we attract the best talent to the company and retain it for years to come.

Our key activity has been in the following areas and driven by our EDI action plan:

Women's Network

We now have over 100 members. Through working with the network we have been able to gain feedback and share different initiatives such as:

- Menopause awareness webinars
- Breast cancer awareness webinars
- Reverse mentoring
- Safe Space added to our website
- Women in STEM career events

International Women's Day Celebrations

In March, we celebrated International Women's Day. This year we held a question-and-answer panel event with our own colleagues. The questions were about their careers, achievements, and challenges.

Also, on International Women's Day, Jo Cullen, Area Water Resources Manager, attended the 'Early Career Women in Water' Conference at Cranfield University with a talk on careers called 'Keeping your head above water!'

Working in partnership

We continue to work, learn, and benchmark ourselves by partnering with leading academics on gender equality and pledging to support initiatives such as the Equality and Human Rights Commission's Working Forward campaign.

Chwarae Teg

Over 100 of our aspiring females have participated in Chwarae Teg's Agile Nation 2 Programme and we are offering colleagues the opportunity to attend future programmes. The programme offers women the chance to participate in a comprehensive, fully funded, career development programme and to achieve an ILM Level 2 qualification in management. We continue to work with Chwarae Teg to deliver a series of webinars for colleagues on different topics that support women at work.

Family Leave

This year we have conducted a survey of colleagues who have returned to work following family leave, so that they can share their experience and to help us look at ways we can improve our process. From the feedback received so far, we have developed an action plan to work through some of the areas of improvement.

Women in Science and Engineering (WISE)

We are members of WISE whose focus is to enable and energise people in business, industry and education to increase the participation, contribution and success of women in science, technology, engineering and mathematics (STEM). We are signed up to the Wise Ten Steps, which is an ambitious, industry-led campaign to ensure that women in science, technology, engineering, and manufacturing have the same opportunities to progress in their career as their male counterparts.

STEM Cymru

This is a Welsh Government funded project to increase the number of young women interested in STEM subjects. We work in partnership with STEM Cymru and Engineering Education Scheme Wales (EESW) to offer experience days to young women (Years 7-9, Key Stage 3) across Wales in order to raise awareness of Welsh Water and showcase career opportunities within STEM industries. We continue to host quarterly events across Wales.

Engineering Education Scheme Wales (EESW)

In the 2020/21 year, we worked with pupils from schools in north and south Wales on the challenges of energy efficiency and conservation to reduce customer bills. Taking part in this initiative allows participants to obtain merit towards their Welsh Baccalaureate course as well as a prestigious 'Gold Crest' award which they can add to their CVs when applying for work or further study.

Our Action plan includes:

- A target of 5% improvement in under-represented groups applying for roles
- A target of 35% of female colleagues on our talent pipeline for senior roles.
- Making operational roles more accessible and introducing observers in interviews to serve as a reminder to interviewers to question their own assumptions and prejudice.
- Developing our schools outreach programme to offer young people from under-represented groups an opportunity to learn more about the water industry.
- Ensuring we have diverse shortlists for our vacancies, looking at our adverts through a gender lens.
- Continuing our executive team reverse mentoring programme with under-represented groups.



STEPHNE PUDDY

Lead for Inclusion

During the year, to further support our work on EDI, Stephne Puddy was appointed as the organisation's lead for inclusion. The role of the Inclusion lead is to drive forward our action plan, through communicating and collaborating across the business and sharing a vision for others to act upon.



I was delighted when my role changed to be the Inclusivity Lead for Welsh Water. We have been making great strides in making Welsh Water a better place for women, but we know we have more to do.

Some of the things I have supported over the last year include launching our women's network. I am really proud of this network, which has helped to raise awareness of our mentoring programme with many members becoming mentors. We have delivered menopause awareness sessions, started a menopause group, and launched a guidance document to managers and colleagues. In addition to this we have looked at the Women and Science in Engineering (WISE) 10 steps survey to help us look at the areas where colleagues think we are doing well, and those where we can do better.

Over the next year we will be looking to improve facilities on our operational sites for women.



DECLARATION

We confirm that the information in this report is accurate and prepared in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.



Peter Perry
Chief Executive



Martin Driscoll
Director of People and Workforce

31 March 2022