

GENDER

PAY

GAP



MARCH 2024

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INTRODUCTION

This report presents Welsh Water's commitment to creating an inclusive workforce that reflects the communities we serve.

It provides an overview of our workforce profile, including the gender split of our executive team and board, and the percentage of men and women in each pay quartile.

The report discusses the gender pay gap, our efforts to reduce it, and our focus on building an inclusive workforce. We have engaged in a number of activities to support our continuing journey to recruit and retain more women in the workplace. There are a number of highlights including Welsh Water becoming the first employer in Wales and first water company in the UK to commit to the Fertility Matters principles.

This year we are pleased to report another reduction in our mean gender pay gap. Both our mean and median pay gaps are significantly lower than the national average.

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 2023) regardless of role or seniority.

It is important to note that this is different to the principle of equal pay for performing equal work.

We trust that this report provides valuable insights into our efforts to promote equality, diversity, and inclusion at Welsh Water.



Martin Driscoll

Business Support & People Director

WORKFORCE PROFILE

As at 5 April 2023 our workforce profile was:

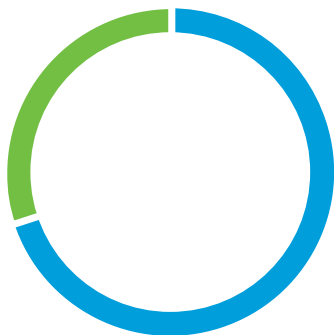
2023

TOTAL

3,617 employees

Men: 2,526

Women: 1,091



30.2% 69.8%

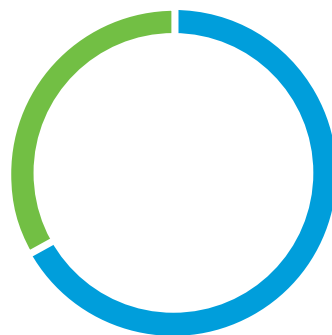
WOMEN MEN

EXECUTIVE

18 Members

Men: 12

Women: 6



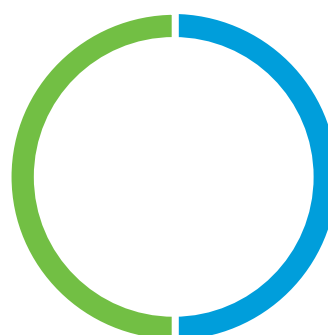
33.3% 66.7%

BOARD

10 Directors

Men: 5

Women: 5



50% 50%

The overall number of women in the workforce has increased by 0.5%, which is a small change but is as a result of the efforts we are making to attract and retain women. We are pleased with this positive move in the right direction and also that the representation of males and females on our board is now equal.

We continue to focus on attracting and retaining more females in the workplace as we work towards delivering our 2050 strategy.



PERCENTAGE OF MEN AND WOMEN IN EACH PAY QUARTILE

OUR PROGRESS

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.

We have seen an increase in women in quartiles 1, 2 and 4 and an increase in men in quartile 3.

The gender split of the workforce overall has remained relatively constant year on year, moving from 29% female and 71% male last year, to just over 30% female and 70% male this year.



JENNA NICOLLE-GAUGHAN

DAM SAFETY CLIENT MANAGER



I joined the contact centre at Welsh Water in 2011 and after several moves, I am now the Dam Safety Client Manager. My role as Client Manager involves driving effective investment in our portfolio of dams and reservoirs to ensure we deliver innovative engineering solutions that enable the business to meet its 'Measures of Success' and regulatory commitments. I am responsible for keeping our regulators informed about our plans and the progress we've made against these.

I joined Welsh Water when I was at Uni because the shifts fitted nicely around my lectures - I never imagined I would still be here over 12 years later. Early in my career, I was working for a manager who spotted something in me and gave me the confidence to believe I could stay at Welsh Water and carve out a career. Having someone else believe in me and my abilities was really powerful, and I doubt I would be at Welsh Water today if that manager hadn't pushed me to achieve my potential. I love that Welsh Water gives colleagues the opportunity to explore different roles and departments, and I believe that if you are willing to put in the hard work you will be rewarded for it. I also think it's really important to focus on your own journey and pursue what you enjoy.



GENDER PAY GAP – OUR PROGRESS

WHY IS THERE A GENDER PAY GAP?

It's important to note that the Gender Pay Gap is different to the principle of equal pay. At Welsh Water, all men and women receive equal pay for performing equal work.

Gender pay gaps exist as there are more men than women in senior roles in many organisations. Its causes are complex. Social pressures and norms influence gender roles and often shape the types of occupations and career paths which men and women follow, and therefore their level of pay.

The water industry has traditionally been male dominated. Like other companies in the industry, we are passionate about developing people and promoting from within Welsh Water. Therefore, historically there have been more men than women on career paths in 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 and ensure that we attract and retain talent. We recognise that more work is needed to achieve this. This year we have continued to focus our key activity around improving the attraction, recruitment and engagement of under-represented groups and have engaged in several activities to improve attraction.

We have continued to work with key organisations to increase awareness of Welsh Water as an employer of choice and to highlight the career opportunities to develop and retain our female colleagues.

We are pleased that we have increased the number of female colleagues in our talent pipeline to 45% for senior roles and achieved an 8% improvement in under-represented groups applying for roles. We are continuing to work with our Inclusivity Ambassadors on our ongoing development and achievement of our EDI 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

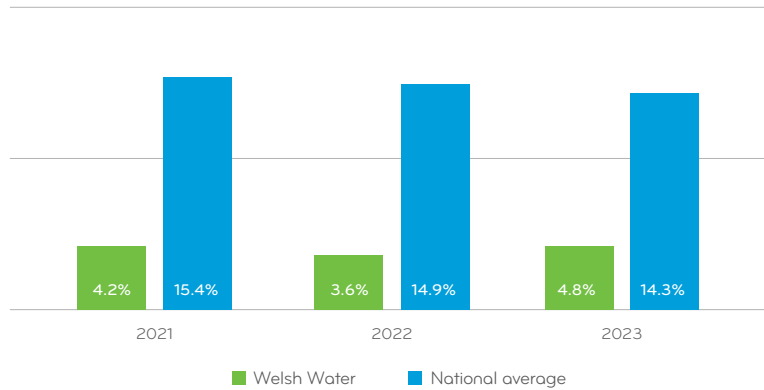
For this report, the gender pay gap is defined as the overall median and mean gender pay and bonus gap (based on hourly rate of pay at the snapshot date of 5 April 2023 and bonuses paid in the year to 5 April 2023) regardless of role or seniority.

At the time of the Gender Pay Gap 'snapshot' in April 2023 the workforce was 30.2% female/69.8% male which is a slight increase in number of female employees working at Welsh Water since 2022.

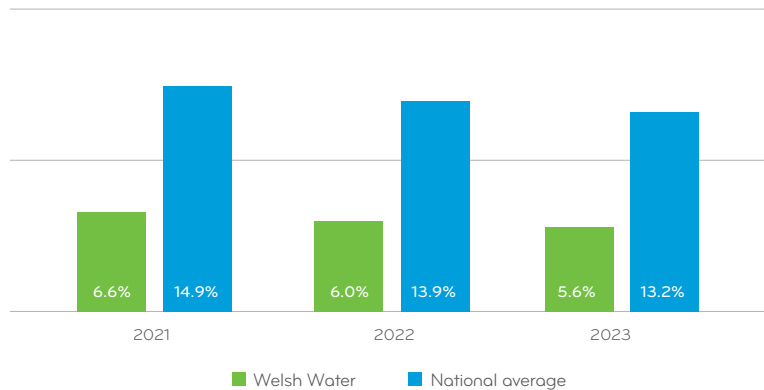
GENDER PAY GAP

As at April 2023 the Welsh Water pay gap statistics were:

MEDIAN GAP



MEAN GAP



This year has seen an increase in the median gap and a small decrease to the mean gap. The median gap has increased to 4.8% in 2023 from 3.6% in 2022, and the mean gap has reduced from 6.0% in 2022 to 5.6% in 2023. The median gap increase is mainly due to an increase in females in quartiles 1 and 2. We are pleased that both continue to be low and this is reflective of the work being undertaken throughout Welsh Water.

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. (2023 national average is not finalised and based on UK submissions so far.)

Mean

The difference between the average male and female pay. (2023 national average is not finalised and based on UK submissions so far.)

BONUS PAY GAP

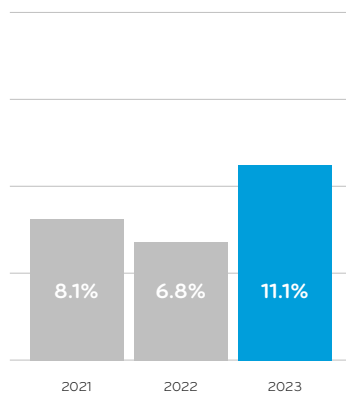
Our bonus scheme is designed to incentivise and motivate colleagues across the company to deliver the best possible performance and help us earn the trust of all our customers, every day. The scheme is linked to company-wide performance targets – with the addition that colleagues, managers and directors in band 6 and above also have personal performance targets to meet.

As at April 2023 the Welsh Water bonus pay gap statistics were:

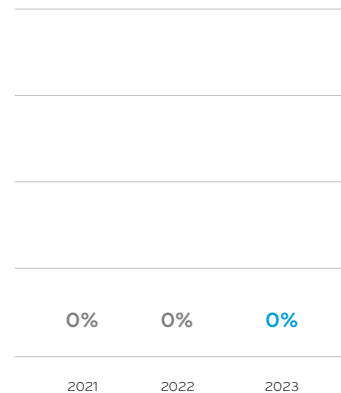
Median 0% (2022 0%)

Mean 11.1% (2022 6.8%)

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 pay 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 increased in 2022-2023 from 6.8% to 11.1%.

There are a number of factors affecting this including additional one-off payments made which were calculated on a pro-rata basis in the same way that all of our variable payments are calculated. 78% of our part time workers are female and the number of hours worked is not factored into the way the bonus gap is calculated. This has also been impacted by some female senior leaders leaving during the year.

Median Bonus Gap calculation

As the bonus calculations are based on pay 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.

ETHNICITY PAY GAP UPDATE

The Ethnicity Pay Gap is yet to become a statutory reporting item.

The calculations show the difference in the average hourly pay rate between employees that identify as white and those that identify as being an ethnic minority.

79.8% of the workforce have disclosed their ethnicity and we have used this data to calculate the Ethnicity Pay Gap as at 5 April 2023.

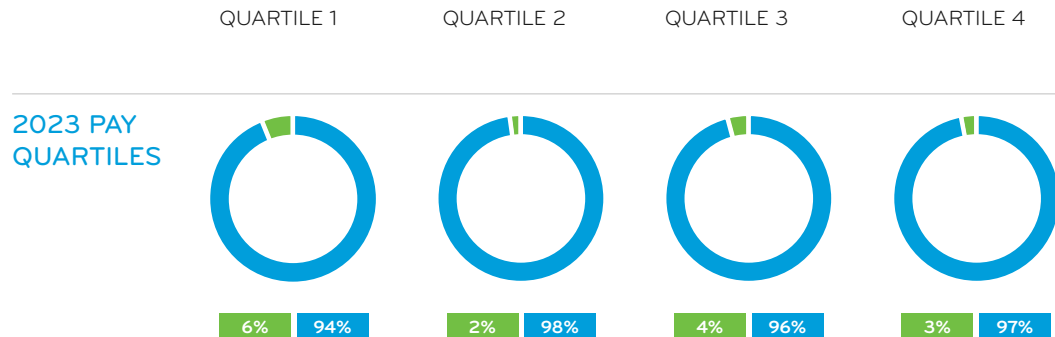
Of this population, 3.9% of colleagues describe themselves as being Black, Asian or Other Ethnic Minority, 95.7% of colleagues describe themselves as White British or Irish or Other White and 0.4% stated that they would prefer not to say.

Based on this data, results are:

Mean Ethnicity Pay Gap 5.68%

Median Ethnicity Pay Gap 3.47%

The percentage splits in each pay quartile are as follows:



Previous data on this for 2022 shows that the quartile split percentages were the same. Our Ethnicity pay gap results are similar to our Gender Pay Gap results and whilst national statistics are not publishing average data for Ethnicity Pay Gap, we are confident in our pay principles and fairness in our approach to pay. The gap exists because the proportion of Ethnic Minority people in quartile 1 (which is the lower paid quartile) is higher than in quartile 4 (the higher paid quartile).

WHITE ETHNIC MINORITY



OUR FOCUS AND PROGRESS – BUILDING AN INCLUSIVE WORKFORCE

ATTRACTION, RECRUITMENT AND ENGAGEMENT

To address the gender imbalance in our organisation we need to attract and recruit more female candidates. A target of 5% improvement in under-represented groups applying for roles was a target we set ourselves and although we were pleased to see an 8% increase this year, attraction remains an area of focus.

Last year, we introduced a 'Recruitment and Interview Observer' scheme for females in operational roles. Of the roles we have used this for, 45% have been filled by females.

Continuing to work in partnership with Engineering Education Scheme in Wales (EESW), we aim to increase awareness of Welsh Water as an "Employer of Choice" and provide future candidates with a better understanding of what it is like to work for us.

SCHOOL CAREER DAYS

In October 2023 we welcomed students from Willows High School to learn about Welsh Water. The day formed part of the celebrations for Black History Month.

Sumerah Nawaz, Co-Chair of our Embrace Network said: *"Being able to have the students come out of the classroom and into the work environment was really important for the success of the day. We were able to work with them first hand to learn about the variety of roles available at Welsh Water".*

APPOINTMENTS TO NON-EXEC DIRECTOR BOARD

In the last couple of years, we have seen the appointment of Lila Thompson and Barbara Moorhouse to our board. As a result, the diversity of the board will positively assist the team in making strategic decisions about the company and to hold the executive team to account.



PROGRESSION AND RETENTION

Developing and progressing our existing female workforce is a crucial part of reducing the gender pay gap at Welsh Water. February 2024 saw the launch of our women's development programme, a meaningful and dedicated programme for our female colleagues. The two days will offer colleagues an opportunity to network with colleagues from other areas of the business, whilst offering valuable learning to support their development and understanding the value they bring to the organisation and beyond.

We also encourage women to participate in the Welsh Water mentoring programme as mentors and mentees. Currently 56% of our mentors are women and of those that are being mentored 63% are women. We continue with our reverse mentoring programme focusing on under-represented groups. Following on from one of our reverse mentoring partnerships, a 'Women in Welsh Water' group has been set up in our water business and is chaired quarterly by Ian Christie, Managing Director of Water, Asset Planning and Capital Delivery. The group continues to raise awareness of the challenges women may face and shares learning to lead to action and improvements.

FAMILY FRIENDLY EMPLOYER

This year we continued with our buddying programme and introduced a returning parents' room. We also introduced new guides on supporting parents in the workplace, baby loss and fertility.

In November 2023, we partnered with Fertility Matters to raise awareness in breaking down the taboo and offer support to those who need it. We are the first water company and the first company in Wales to take this step and moving forward we are working towards becoming a fertility friendly employer.

To support colleagues through baby loss we have partnered with Tommy's who have supported with webinars raising the awareness of miscarriage and the impact on families. The sessions offered practical guidance and communication tips for supporting a colleague, friend, or family member.

In February 2024, we signed a pledge with the miscarriage association to support colleagues through what can be a distressing time.

INTERNATIONAL WOMEN'S DAY 2023

To celebrate 2023, we had Phillipa Tuttiatt join us. Phillipa is a former international rugby union player, owner of the first all women's building company and commentator for women's rugby. The session was very insightful and Phillipa offered lots of inspiration for women across Welsh Water.

AMANDA SOADY SCHOLARSHIP

As part of International Women's Day, we launched The Amanda Soady Women's Scholarship. This was created in memory of our colleague, not only to celebrate her career achievements, but to recognise and acknowledge her as an inspirational and prominent female leader within Welsh Water.

The scholarship partners with the European Junior Water Programme and participants will be part of an integrated 2-year part time hybrid programme. This year's scholarship was awarded to Victoria Collier – Northwest Wastewater Treatment Catchment Manager.

Victoria states that: *"The European Junior Water Programme is a 2-year part time leadership programme, which involves quarterly development weeks in addition to ongoing project work. The structure of this programme pushes its participants out of their comfort zone in a way that promotes development and collaboration."*

The programme to date has been brilliant in developing myself personally and professionally. It has developed my intercultural communication and awareness, and ability to think outside the box in addition to increasing my resilience and effectiveness as a leader.

I feel very privileged to have been given this opportunity to develop myself further and hope that I can also transfer this learning to my colleagues in DCWW".

NETWORKS

Colleagues can attend training, join in with other EDI activities and meet with inclusivity ambassadors. They can also join the following colleague-led networks:

- Women in Welsh Water
- Embrace - Race Network
- LGBT+ Allies Network.

Alongside our networks we have our internal social platform, which has private groups for:

- Menopause
- Fertility
- Pregnancy loss
- Multi-faith.

THE CONTINUED
SUCCESS OF WELSH
WATER DEPENDS UPON
HAVING A DIVERSE
MULTI-TALENTED
WORKFORCE WHICH
REFLECTS THE
COMMUNITIES THAT
WE SERVE.

WE WILL CONTINUE
OUR COMMITMENT TO
CREATE AN INCLUSIVE
ENVIRONMENT WITH
OPPORTUNITIES FOR ALL.



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
Business Support & People Director

31 March 2024