



GENDER AND ETHNICITY PAY GAP REPORT 2023

WONDERFUL ON TAP



2023 GENDER AND ETHNICITY PAY GAP

We are delighted to be publishing our second combined gender and ethnicity pay gap report.

At Severn Trent, we positively celebrate diversity and inclusion, and embrace individuals' contributions, no matter their gender, age, race, ethnicity, disability, sexual orientation, social background, religion or belief.

In September 2021, we launched 'Wonderfully You', which set out our Diversity and Inclusion ('D&I') ambition and how we would measure progress. This D&I strategy is included within our Sustainability Framework under the 'Providing a Safe, Inclusive and Fair Place to Work' pillar and we report on progress more generally in our Sustainability Report.

HEADLINE PAY GAP NUMBERS

The difference in hourly pay between all male and female employees in 2023 is:

GENDER



This means that the median hourly pay for male employees was 7.8% higher than for female employees, and the average hourly pay was 2.0% higher for male employees.

The difference in hourly pay between white and ethnic-minority employees in 2023 is:

ETHNICITY



This means that the median hourly pay for white employees was 6.3% higher than for ethnic-minority employees, and the average hourly pay was 7.2% higher for white employees.

For more detail on our pay gaps see pages 6-10

We have been externally recognised in other ways across the year too :

<div>WOMEN ON BOARDS</div> <div>1st and 24th</div> <div>1st for Women on the Board and 24th for senior female representation in FTSE Women Leaders Review</div> <div>With recognition for being one of only three companies in the FTSE 100 with women in three out of the four key roles, CEO, Chair and CFO.</div>	<div>EMA</div> <div>WINNERS</div> <div>of the Engineering and Manufacturing Employer of the Year at the Multicultural Apprenticeship Awards</div>	<div>STONEWALL</div> <div>23rd</div> <div>in Stonewall Workplace Equality Index (2023) Top 100 and Gold Award Employer</div>	<div>BLOOMBERG INDEX</div> <div>RECOGNISED</div> <div>in the 2023 Bloomberg Gender Equality Index (with our highest ever score)</div>
<div>RACE EQUALITY MATTERS</div> <div>BRONZE AWARD</div> <div>Race Equality Matters</div>	<div>DISABILITY CONFIDENT</div> <div>LEVEL 2</div> <div>Disability Confident Employer</div>	<div>SOCIAL MOBILITY FOUNDATION</div> <div>8th</div> <div>in Social Mobility Index (2023) Top 10 for the fifth year running</div>	<div>ARMED FORCES COVENANT</div> <div>GOLD AWARD</div> <div>Armed Forces Covenant Employer Recognition Scheme</div>



ABOUT THE METHODOLOGY

From April 2017, the government introduced gender pay gap reporting for all companies with more than 250 employees. This is our seventh annual gender pay data.

There is no legislation yet for ethnicity pay gap reporting, but to really drive change we want to be as open and transparent as possible. We are therefore delighted to voluntarily include our second year of ethnicity pay gap data.

The gender pay gap shows the difference between the average hourly pay for men and women across all ages, roles and levels. Similarly, the ethnicity pay gap shows the difference between the average hourly pay for white and ethnic minority employees.

This is not the same as equal pay, which is the right for employees to be paid at the same rate of pay for work that is of equivalent value. Severn Trent has a robust job sizing process, which means we have created a consistent pay governance framework including transparent pay ranges. This helps us in monitoring and measuring our fair pay processes.

HOW HAVE WE REPORTED?

We've reported two measures of our pay gap, the median and the mean. We calculate the percentage difference between each of these measures for both men and women, and white and ethnic minority employees. In addition, we also report the median and mean gender bonus gap between the average bonus received.

WHAT'S INCLUDED IN OUR HOURLY PAY?

Basic pay; this includes salary, permanent work-based allowances (i.e. car allowance, shift pay etc.) as well as call out and standby payments. Payments for overtime, redundancy and benefits-in-kind are excluded. Employees on reduced pay due to family leave or sick leave are also excluded from the process.

WHAT IS THE MEDIAN?

The median is the middle number when all of the hourly pay numbers are listed from lowest to highest. The median pay gap removes any influence of very high and very low pay. This is the measure that is most commonly reported by employers and the Government.

WHAT IS THE MEAN?

The mean average involves adding up all of the numbers and dividing the result by the number of values in the list.

WHAT IS A PAY QUARTILE?

Pay quartiles are calculated by splitting the whole workforce into four equal-sized bands based on hourly pay, from highest to lowest.

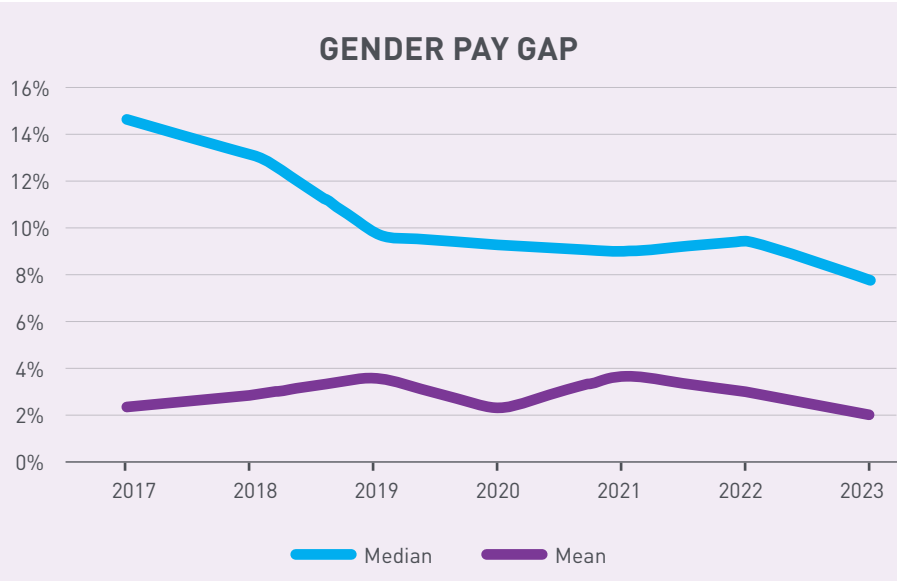


WHAT'S OUR GENDER PAY GAP?

Our median gender pay gap is now at the lowest level in the seven years we have been reporting it. The 7.8% gap in 2023 is a decrease on the 9.4% in 2022, whilst the hourly rates for both male and female employees have increased.

The mean gender pay gap has also decreased to its lowest reported level - 2.0% in 2023 from the 2.9% seen in 2022.

We are pleased with the continued progress reflected in these results. One of the main reasons behind them is the high proportion of women in our management and senior management roles. Severn Trent is proud to have such strong female representation in senior positions, and we believe we have created an environment where women can thrive, develop their careers and act as role models to others looking to join the industry.



The difference in hourly pay between male and female employees in 2023 is:



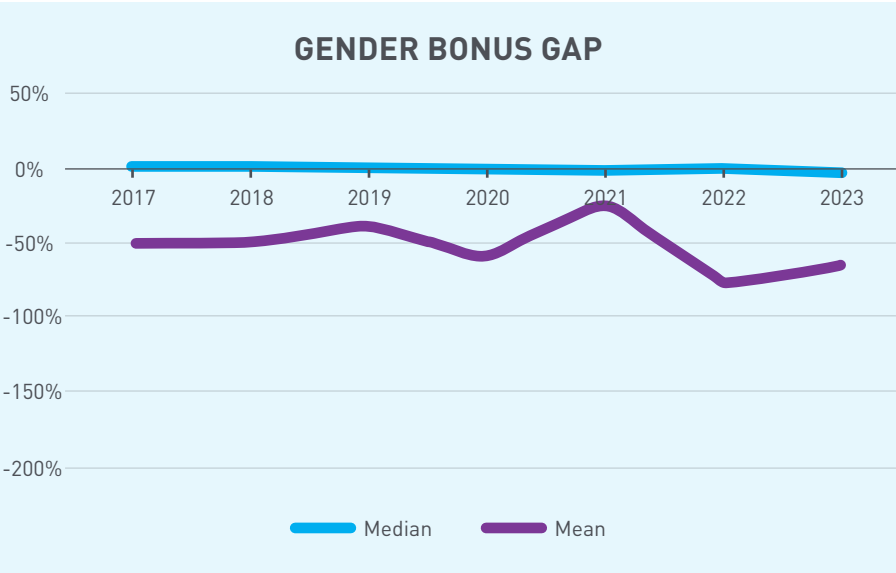
WHAT'S OUR GENDER BONUS GAP?

The gender bonus gap is the difference between the average bonus received by men and women on 5th April 2023.

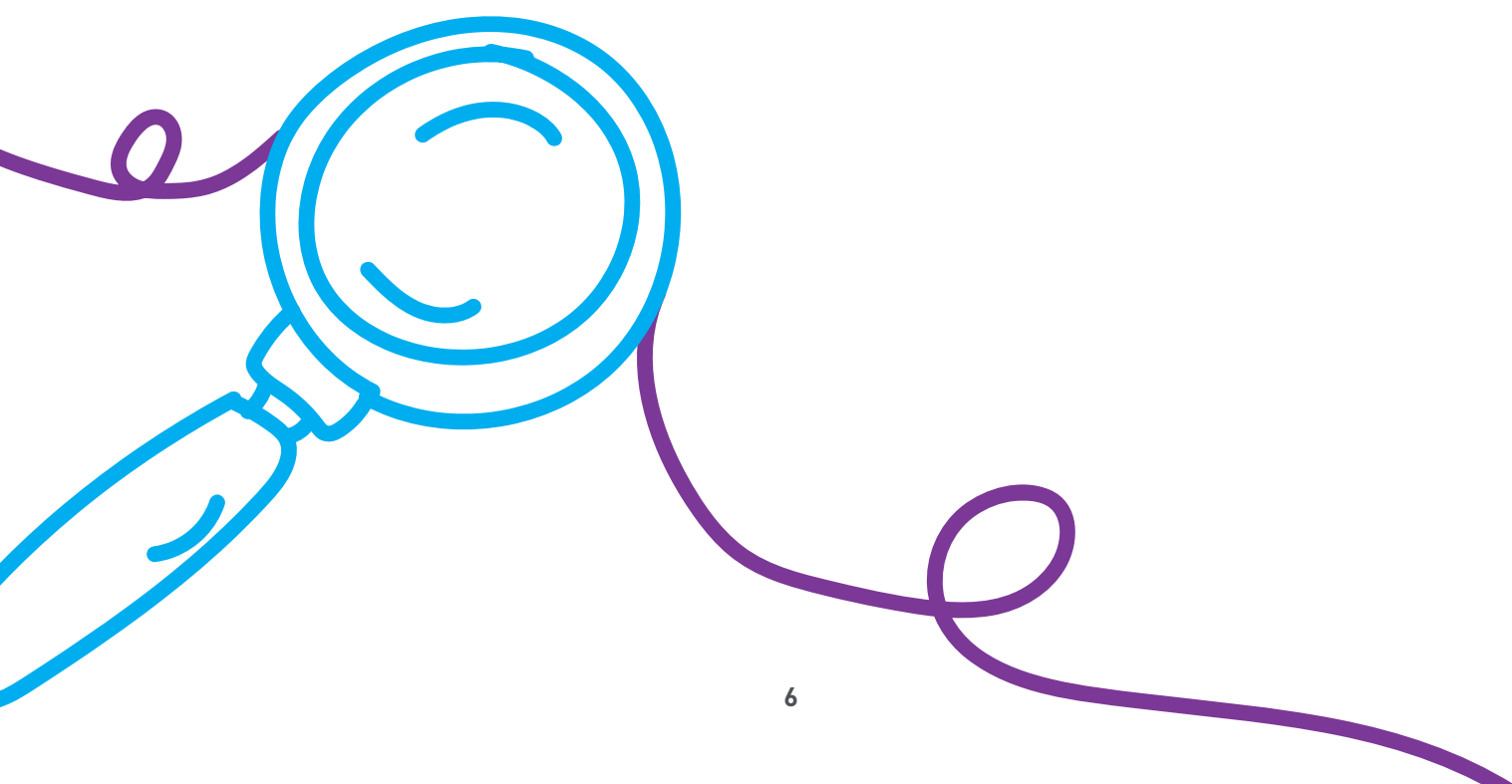
All of our people share in our success by participating in our all-employee bonus plan. A consistent design is operated throughout the business, meaning that at all levels performance outcomes are measured against the same metrics. This aligns everyone to the same goals of excellent operational performance outcomes for customers and the environment, great financial performance, and reducing the number of people hurt or made unwell whilst at work. This means that our frontline employees, administrators, advisors, team managers and technical experts, who make up around 95% of employees, are eligible for the same bonus opportunity, regardless of salary or gender.

Our overall median bonus gap is relatively stable, with small fluctuations caused by one-off recognition vouchers and long service award payments, in addition to the all-employee bonus.

Our mean bonus gap is -65%, meaning that our female employees' bonus is on average 65% higher than male employees. This is as a result of the high percentage of women in our executive and senior management population.



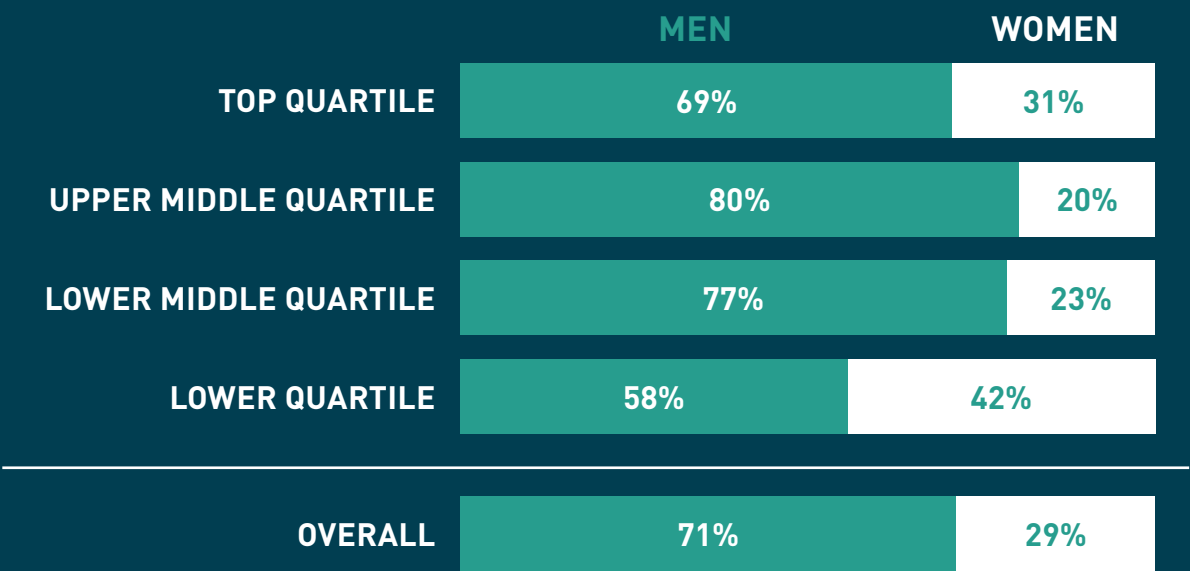
The difference in annual bonus pay between male and female employees in 2023 is:



HOW IS PAY DISTRIBUTED BY GENDER?

When looking at gender pay gaps, it's important to consider the overall split between male and female employees across the four quartiles of salary levels and roles. At 31%, the proportion of women in the top quartile has increased for the third year running.

The lower middle and upper middle quartiles are not as representative of the wider gender split across the business, there are clusters reflecting historical perceptions of roles suited to men and women. For example, over 29% of the overall employee population are in operational 'technical' or 'physical' roles traditionally dominated by males and 7% of the population are working in our customer contact centres (where over 60% of role holders are female).



WHAT'S OUR ETHNICITY PAY GAP?

We've reported two measures of our ethnicity pay gap, the median and the mean, similar to the approach we take for gender pay gap reporting. The median ethnicity pay gap removes any influence of very high and very low pay. We calculate the median and mean for both white and ethnic-minority employees and report the percentage difference. We also report the median and mean ethnicity bonus gap between the average bonus received by white and ethnic-minority employees.

The difference in hourly pay between white and ethnic-minority employees is:



Although we have seen an overall increase in representation of colleagues from ethnic backgrounds, up to 12% from 10% last year, a large proportion of the increase was in lower paid roles. We are now placing more focus on our senior roles, to better represent our communities at all levels of our organisation.

WHAT'S OUR ETHNICITY BONUS GAP?

The ethnicity bonus gap is the difference between the average bonus received by white and ethnic minority across Severn Trent Water on 5th April 2023.

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

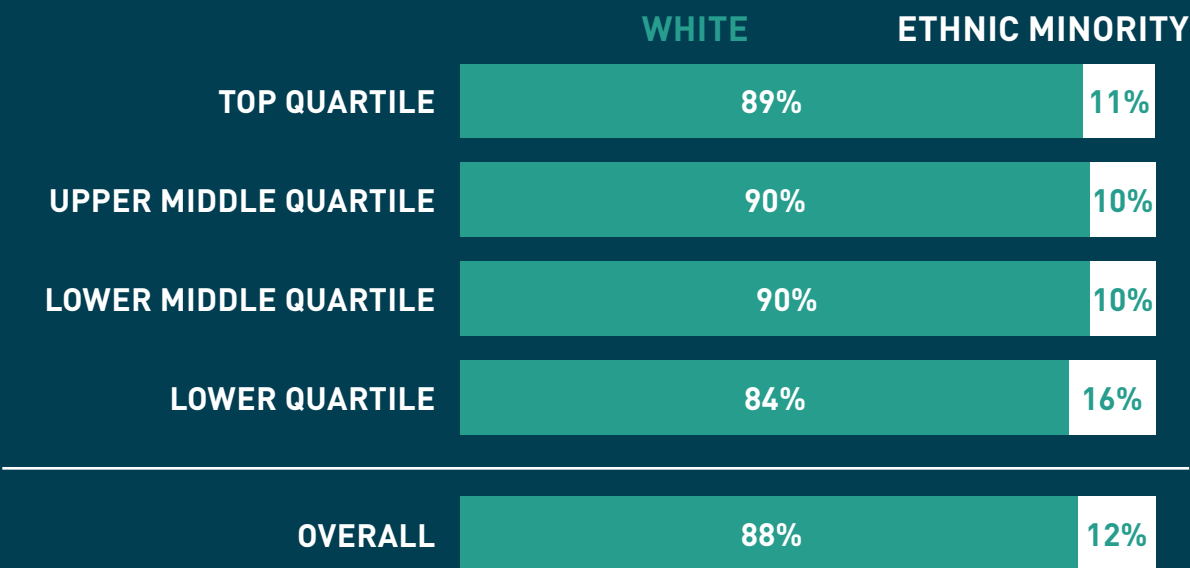


Our overall median bonus gap is relatively stable, with small fluctuations influenced by one-off recognition vouchers and long service award payments.

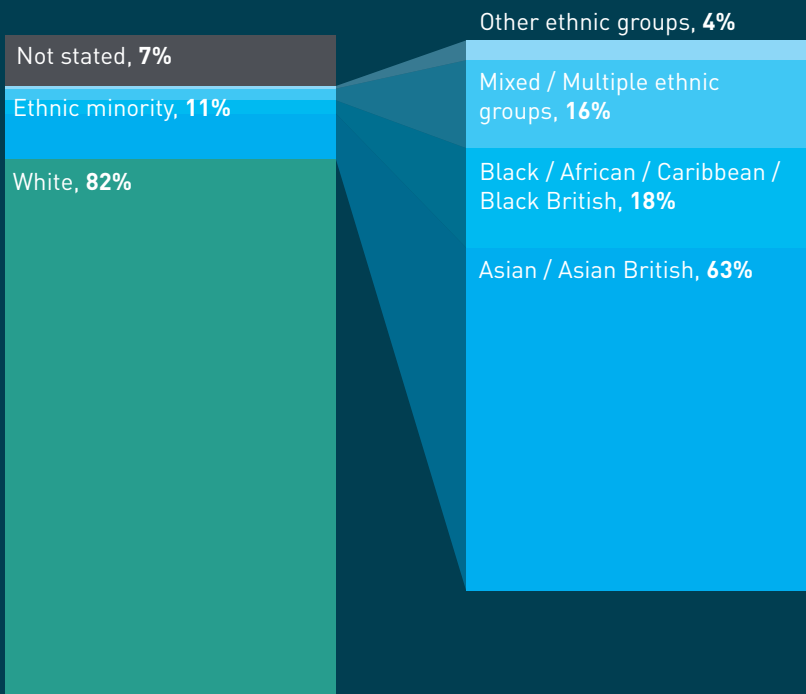
Our mean bonus gap is 50.7%, meaning that our white employees' average bonus is on average 50.7% higher than ethnic minority employees. This is partly as a result of only 10% of our Executive Team during the period of this report coming from an ethnic minority.

HOW IS PAY DISTRIBUTED BY ETHNICITY?

As with gender pay gaps, when looking at ethnicity pay gap reporting we should consider the overall white:ethnic minority distribution across the four quartiles of salary levels and roles. At 12%, representation of colleagues from ethnic backgrounds is higher than the 10% seen last year, and also better than the industry average of 7%. We're encouraged by this but continue to work towards our target of 18.9% which will reflect the communities we serve.



Around 93% of our employees have shared their ethnicity information and we continue to actively encourage all employees to do so. Of those who have declared themselves as being an ethnic minority, around two thirds are Asian.



WHAT ARE WE DOING ABOUT OUR PAY GAPS?

We believe the first step of improving pay gaps is transparency, and creating a culture where employees feel comfortable and confident to share their personal information. That is why we decide to publish our ethnicity pay gaps and are pleased that 93% of our colleagues have chosen to share their ethnicity data with us to help us do that.

We have opposing challenges for our gender and ethnicity pay gaps. On gender, we have strong senior female representation and need to attract more females into our entry-level and early leadership roles, especially in STEM careers. On ethnicity, we have successfully improved our ethnic representation from 10-12% this year but that has been mainly in entry-level roles meaning that our pay gap has increased slightly. Attracting and developing more senior ethnicity will help improve our pay gap and better represent our communities at all levels of our organisation.

GENDER PAY GAP

67% of our Board and 40% of our Executive and Senior teams are female. Over the course of the last year Helen Miles has become our new Chief Financial Officer and Steph Cawley has been promoted to our new Customer Operations Director. We now have a female Chair, CEO and CFO and female Executives heading up our Technology and Operational teams.

With a strong track record of recruiting and developing senior female leaders, we are hoping that inspires our female leaders of the future and helps to attract more into entry-level and early leadership roles. We do a lot of careers outreach and employability skills training in schools, colleges and universities and are pleased to see that is starting to provide results. This year we have attracted 21% more females onto our graduate and apprentice schemes and our newly launched Operational & Environmental Leadership Programme is 75% female.

We have an in-house Academy which helps our colleagues to develop into broader or promoted roles, with around 1 in 5 employees having done so in the last two years. 48% of colleagues on our Future Leaders Programme in 2023 were also female.

We have recently also announced that we will be increasing our maternity and adoption leave policies to give colleagues 46 weeks on full pay. This means that when accrued annual leave and bank holidays are taken into account, individuals can choose to take a whole year off on full pay. As well as supporting colleagues, this is also a brilliant step forward when it comes to attracting and retaining female talent – which means a more diverse and inclusive environment across all areas of our business.

ETHNICITY PAY GAP

On ethnicity, we are pleased that we have increased our ethnic representation as a whole but we know we have more to do to represent the communities that we serve, especially within senior roles. We are therefore focusing on ensuring we have diverse shortlists for senior roles, roles are advertised externally as well as internally, and that we support internal development through our Severn Trent Academy. We've also started promoting our vacancies in new places and job boards to try and attract more diverse applications.

With a very strong focus on talent management and succession, many of our Senior Leaders are promoted internally, so we're recruiting and developing more diversity in our Business Leader population to ensure greater representation in our internal talent programmes. We also continue to try and attract leaders of the future through initiatives like the #10,000 Black Interns Programme.

INCLUSION

We ultimately want to be a place where our colleagues feel engaged, valued and recognised for their contributions. We are therefore delighted to place in the top 5% of energy and utility companies globally for equality, inclusiveness, non-discrimination and fair opportunities in our last annual employee engagement survey taken during November 2023.

Having an inclusive culture enables us to attract, retain and develop diverse talent, which over time we believe will ultimately increase the representation of females and ethnic minorities across all levels of our business and help us to close our pay gaps.



IMPROVING GENDER DIVERSITY

In June 2021 we launched our Women in STEM and Ops advisory group, to help encourage more women into Science, Technology, Engineering, Maths and Operational roles and to ensure we are creating a great working environment for the women that work at Severn Trent.



The group is sponsored by our CFO Helen Miles, and is chaired by **Danielle Cherry**, one of our Distribution Network Leads.

We work in a traditionally male dominated industry, and as a woman who works in an operational role it's frustrating because it's one of the most interesting and rewarding jobs you can have in this business.

We're doing lots to make operational roles more appealing to a wider set of people. Things like reviewing role types and hours, changing the way we advertise our jobs, and making sure our onsite facilities and PPE (Personal Protective Equipment) is right for everyone.



I am proud that at Severn Trent we promote female role models so that others can be inspired and follow in their footsteps. Two-thirds of our Board are female, more than 40% of our senior management team are female, and not to mention that we now have a female CFO, CEO and Chair.



Over the last few years we have delivered a number of events and introduced new opportunities to support women:

- At our International Women's Day event we had a range of guest speakers and stalls to promote opportunities for women across the business. The event celebrated this year's theme of embracing equity, and our Water Treatment team promoted the #MakingWaterWonderful campaign and open days to encourage more women to consider careers in operations.
- We launched a new mentor programme.
- We have held Careers Discovery days for local students.
- Celebrated International Women in Engineering Day, where a group of students from a local school in Coventry joined us and took part in a whole range of interactive activities. They received an introduction from our Capital and Commercial Director, James Jesic, and saw a demonstration all about SuDS (Sustainable Drainage Systems).
- We launched a career pathway podcast.
- Actively championed enhancements to parental leave policies.

CREATING OPPORTUNITIES FOR WOMEN

Here are a few case studies on how we have been attracting more females into entry level and early leadership roles.



PROMOTING CAREERS FOR FEMALES

My name is **Kudakwashe Charmaine Marufu**, and I'm Severn Trent's School Engagement and Work Experience Lead.

Growing up I was primarily encouraged to pursue more "traditional roles", but a mentor then helped me discover the pathway to the role I do now. It perfectly aligns with my passion for working with young people, particularly those from underrepresented groups and I love to help breakdown barriers that may hinder their access to opportunities within the industry and beyond.

I've had first hand experience of the impact careers advice and mentoring can have within my own career and so I love my role today. I attend schools and community events for young people, teachers, and parents/guardians, to help inspire future careers and dispel any myths or barriers they may think exist.

I also lead our work experience programme to help people gain first-hand experience of careers.

I have witnessed how powerful it can be and what a difference it can make to build young people's confidence and encouraging them to pursue opportunities they might not have considered.



FROM APPRENTICE TO TEAM LEADER

My name is **Georgia Brown**, and I joined Severn Trent seven years ago on the Operations Apprenticeship scheme.

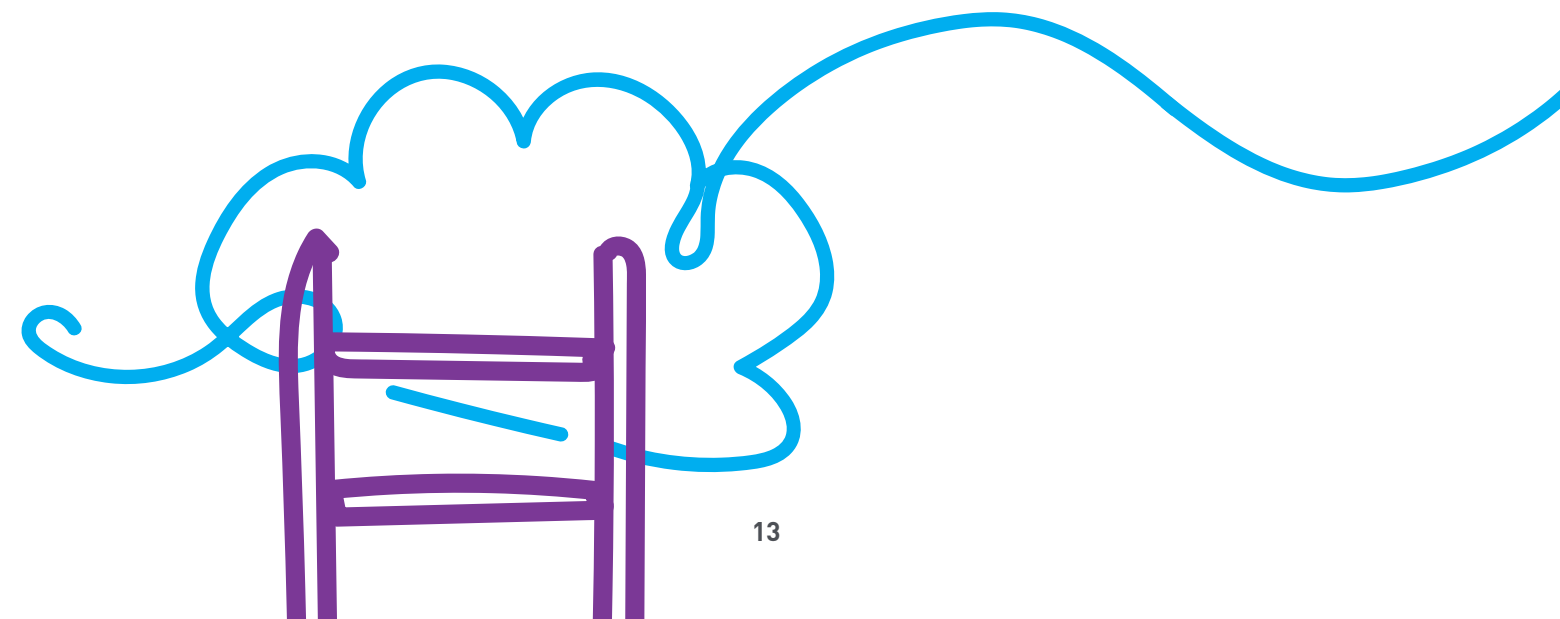
At school I was always very academic and enjoyed STEM subjects, but I was initially unsure on what route to take when leaving school. I decided to apply for both engineering/science degrees and apprenticeships to keep my options open.

Although I didn't join the company on a degree level apprenticeship, I was still able to go on to study for a Masters degree in water and waste water engineering at Cranfield University. The apprenticeship allowed me to study alongside my work, and I was given the opportunity to progress into more senior positions even at my young age.

I am now a wastewater recycling team manager, and I manage 28 wastewater treatment works and over 100 pumping stations along with a team of 17 operators and maintainers in the Nuneaton area.

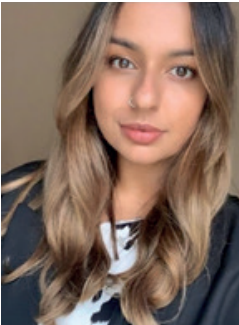
Working in Operations really varies day to day, with weather and seasonal changes having an effect on how we can operate. I love that in my role I get to drive improvements and see the impact our work makes on protecting the environment and meeting key business targets - no two days are ever the same.

Looking back, I have zero regrets on declining my University offers and starting my apprenticeship at Severn Trent. I would definitely recommend it for anyone considering applying, there are so many support and development opportunities, all you need to do is ask.



IMPROVING ETHNIC DIVERSITY

Our Ethnicity advisory group was established in 2020, it is sponsored by our Capital and Commercial Director, James Jesic. Our Chair **Jess Alce** joined the group in April 2022.



I've been at Severn Trent a while now, having started on the Graduate scheme back in 2016. I've worked in teams ranging from Operations to our Green Power business, right through to my current role as Innovation Portfolio Lead, and that has given me a real appreciation for how different people across the business are

feeling when it comes to ethnicity. This is something that needs everyone's support, bottom up as well as top down, if we want to make a real difference.

Over the last 18 months we have gone through a major transformation as an advisory group and have worked on defining our goals and purpose. This included having some really honest and difficult discussions and I am so proud of the honesty of all the members of the group. This has led the beginning of some initiatives that will help us really change the dial around D&I and ethnicity.

We also redefined our mission statement:



Our Ethnicity Advisory Group is determined to create a culture where every colleague trusts they are equal, respected and included at Severn Trent regardless of their cultural heritage, social background and beliefs; and where we don't get it right, we are willing to learn, grow and be accepting of individual differences.

Activities we have been working on this year include:

- A Lunch and Learn session available to all employees to discuss 'Positive Discrimination'
- Worked with schools in areas with higher ethnicity to try and make sure students are aware of Severn Trent as an employer
- We launched our #MyNamels campaign, where we hear from colleagues who regularly have their names mispronounced, explaining how it makes them feel, and why it's important to try to get it right. We have also made a change to the way names are displayed in our core systems so that the first name comes first and the surname last, as that is how it is natural to read and remember names.
- Celebrated Black History Month, acknowledging the accomplishments, achievements, and cultural legacies of Black people through our #SalutingOurSisters theme.
- Served Black History Month themed dishes at all our major canteens.
- Celebrated World Afro Day, hearing from some of our colleagues about what it means to them, and to let more people know about the reality and the beauty of natural afro hair.
- We supported the 'Show Racism the red card' event, showing our commitment by wearing red and thinking about how we can tackle different types of racial discrimination in the workplace.
- Focused on our new intake, with 35.7% of our graduate and apprentices this year being from an ethnic minority.

CREATING OPPORTUNITIES FOR ETHNIC MINORITIES

We are using our new talent programmes to attract more ethnic minorities into the industry.



RAISING THE PROFILE OF APPRENTICESHIPS

My name is Dilraj and I am doing the Procurement Apprenticeship with Severn Trent. After leaving school I went to University to study Engineering, however, I

soon realised that an Apprenticeship was a better route for me. I wanted to apply my knowledge practically, learn soft-skills and gain relevant work experience - critical in complementing the qualification I was trying to achieve. Apprenticeships seemed to offer everything that I was lacking from University, and that's how I started my journey at Severn Trent.

It was a huge choice to leave University and try something completely new and it feels as though you're deviating from the norm. However, it was probably the best decision I've ever made. I've developed so much, and have had opportunities given to me that I couldn't have dreamed about if I had stayed in full-time education.

People should consider all their career routes and make the decision that's right for them - even if they have pressure from family and friends who might have differing viewpoints. I work with the Institute for Apprenticeships and Technical Education (the awarding body of apprenticeship standards), to identify how we can truly make apprenticeships the best possible experience they can be - whether that be speaking to Government ministers or industry experts to see how we can amplify the benefit an apprenticeship can bring to both the apprentice and the employer.

It's hugely important to me that Severn Trent encourages people from under-represented groups to consider a career in the Water Industry as it is a great way for people of diverse backgrounds to give back to their communities. Water is something that is integral in our day-to-day lives so being a part of the process in delivering that responsibility is rewarding and fulfilling.

#10,000 BLACK INTERNS PROGRAMME

For the second year running, we were proud to support the #10,000 Black Interns Programme by welcoming 36 interns to join for an 8-12 week paid summer placement.

All our intern programmes help to create real-life experience of the working environment to help our interns develop professionally and personally. We were delighted that 36% of this year's interns secured a role with us after their placement. **Opeyemi Morohunfola** was one of our interns who now works as an Assistant Quantity Surveyor.

I got my bachelor's degree in Quantity Surveying back in my home country of Nigeria, and then pursued a master's degree in Construction Project



and Cost Management at Coventry University. I then applied for numerous project management roles, but regrettably, all of my applications were unsuccessful. When I heard about the #10,000 Black Interns Programme, I decided to apply.

Luckily for me, Severn Trent was one of the companies that reached out to me with an offer. I was curious about how my skills could be relevant within the water industry, but I soon realised that I could apply my skills effectively across various departments, motivating me to apply for roles in Quantity Surveying. During my internship I learnt the importance of personal branding, helping me to build up my CV and LinkedIn profile. The training on 'presenting with impact' was also instrumental in unleashing a new found level of confidence which definitely helped me to secure my job.

This statement confirms that the
published information is accurate
and is signed by:



Chief Executive Officer
Severn Trent Plc



**Wonderfully
you**



WONDERFUL ON TAP