



GENDER AND ETHNICITY PAY GAP REPORT 2022

WONDERFUL ON TAP



2022 GENDER AND ETHNICITY PAY GAP

After five years of publishing our gender pay gap data, we are delighted to be publishing our very first combined gender and ethnicity pay gap report.

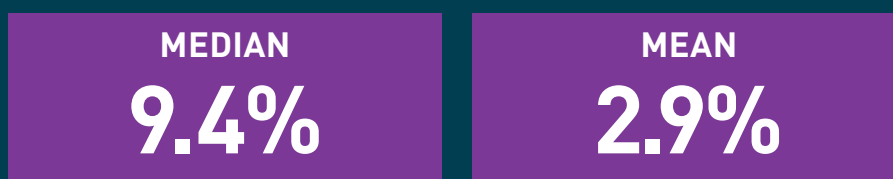
In September 2021, we launched 'Wonderfully You', which set out our D&I ambition and how we would measure progress. This Diversity and Inclusion ('D&I') strategy is included within our Sustainability Framework under the 'Providing a Safe, Inclusive and Fair Place to Work' pillar and we report on progress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

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. You can find out more about how employee advisory groups are helping to create that culture later in this report.

HEADLINE PAY GAP NUMBERS

The difference in hourly pay between male and female employees in 2022 is:

GENDER



This means that the median hourly pay for male employees was 9.4% higher than for female employees, and the average hourly pay was 2.9% higher for male employees.

The difference in hourly pay between white and ethnic-minority employees in 2022 is:

ETHNICITY



This means that the median hourly pay for white employees was 4.1% higher than for ethnic-minority employees, and the average hourly pay was 5.7% higher for white employees.

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



2022 **GENDER AND ETHNICITY** PAY GAP

Our amazing efforts have been externally recognised in other ways too across the year:

TOP TEN of the FTSE100

in the 2022 Hampton-Alexander Review
for the **REPRESENTATION
OF WOMEN ON BOARDS**

TOP TWENTY of the FTSE100

in the 2022 Hampton-Alexander Review
across **ALL LEADERSHIP ROLES**

GOLD AWARD EMPLOYER

by the Stonewall Workplace Equality Index
placing in the Top 50 companies for our
approach to **LGBTQ+ INCLUSION**

61ST

out of 4,000 organisations
in the 2022 Equileap Gender
Equality Global Report

RECOGNISED

in the 2022 Bloomberg
Gender-Equality Index
for the company's commitment
to solving gender inequality through
policy development, representation
and transparency

We were delighted to continue to be recognised as the top FTSE100 utility company for both representation of women on the Board and combined Executive Committee and direct reports in the FTSE Women Leaders Review 2022. Severn Trent remains just one of four companies in the FTSE100 to have a female CEO and Chair, and is just one of eight to have a female CEO at the helm.

ABOUT THE METHODOLOGY

From April 2017, the government introduced gender pay gap reporting for all companies with more than 250 employees, and we are pleased to publish our sixth annual gender pay data.

There is no legislation yet regarding 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 first 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.

These differ from 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 has enabled us to create a consistent pay governance framework including transparent pay ranges to assist and support 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 the median and mean 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?

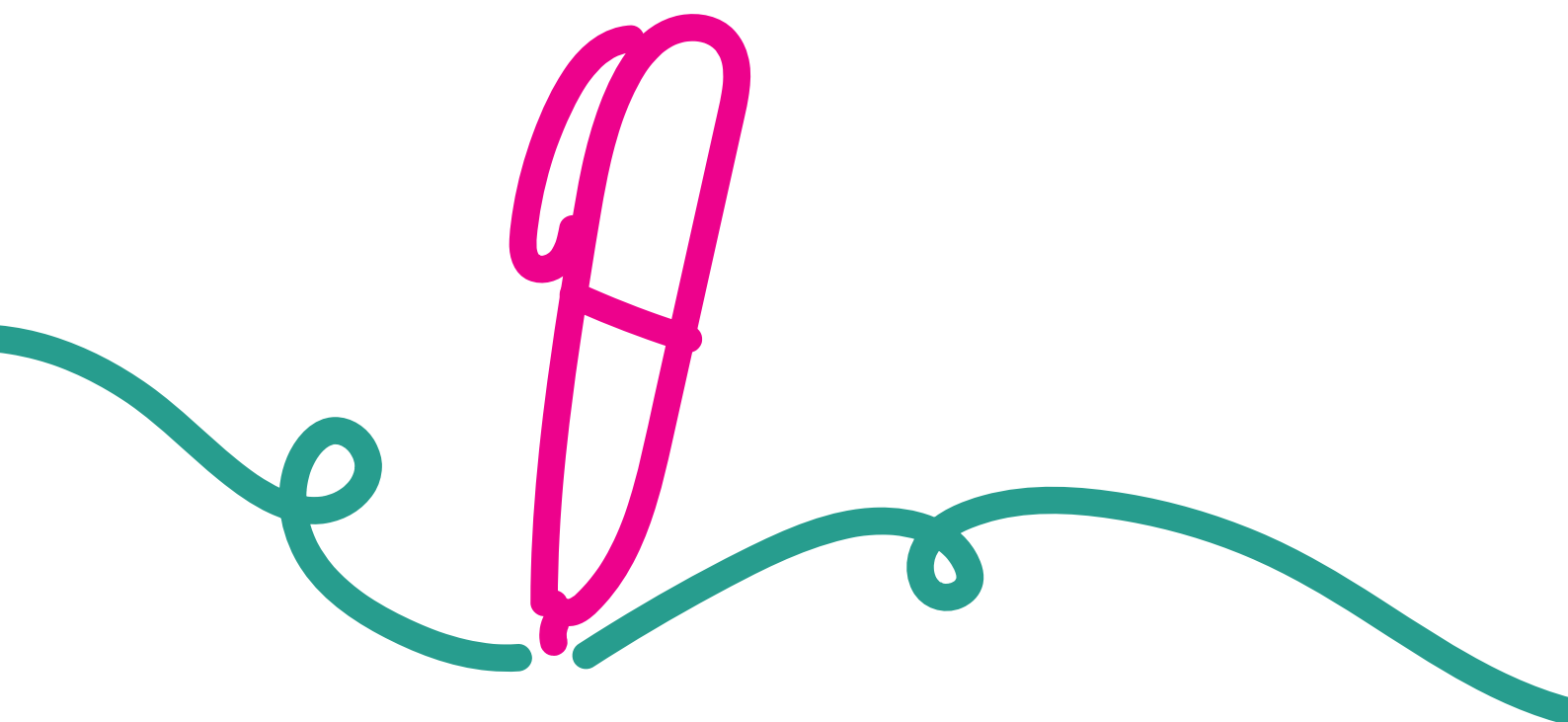
The median is the middle number when all of the numbers are listed in numerical order. The median pay gap removes any influence of very high and very low pay.

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.

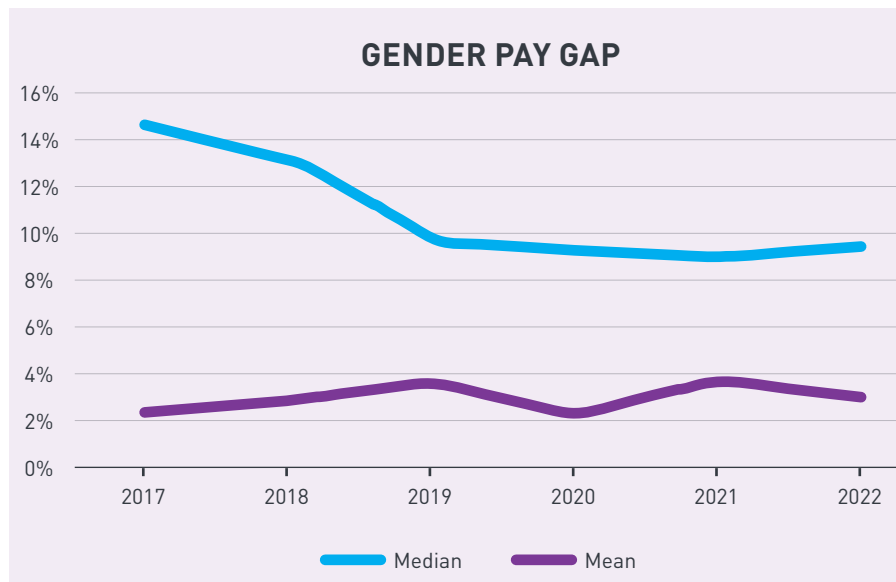


WHAT'S OUR GENDER PAY GAP?

Our median gender pay gap has been fairly stable for the last four years, following a large drop in 2019. The 9.4% gap in 2022 is a marginal increase on the 9.1% in 2021 due to a number of small fluctuations in the population, whilst the hourly rates for both male and female employees have increased.

The mean gender pay gap has decreased to 2.9% in 2022 from the 3.8% seen in 2021, and is affected more than the median by small changes within our executive population.

Our gender pay gap metrics continue to be positively impacted by a high proportion of women within our management and senior management roles. Severn Trent is proud to have such strong female representation throughout our senior management team, 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 2022 is:

MEDIAN

9.4%

MEAN

2.9%

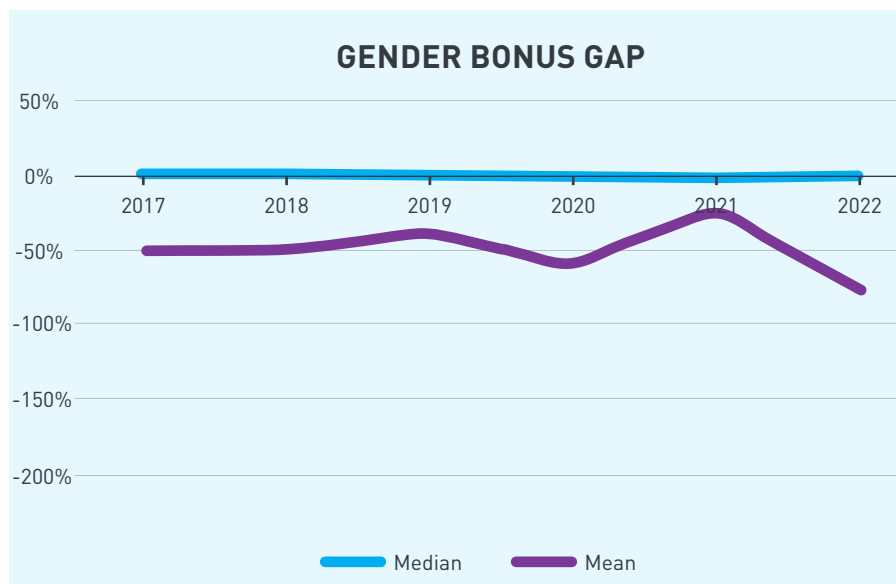
WHAT'S OUR **GENDER** BONUS GAP?

The gender bonus gap is the difference between the average bonus received by men and women on 5th April 2022.

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

All employees are eligible to participate in the all-employee annual bonus scheme as long as they have worked for Severn Trent Water for more than three months. Our bonus structure aligns everyone to the same goals; excellent operational performance outcomes for customers, great financial performance, as well as reducing the number of people hurt whilst at work (measured through lost time incidents). This means that our frontline employees, administrators, advisors, team managers and technical experts, who make up around 96% of employees, are eligible for the same bonus opportunity regardless of salary or gender.

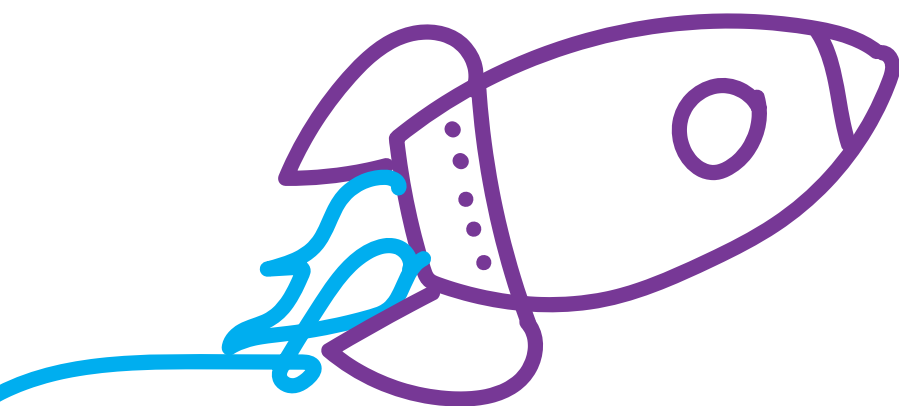
Our mean bonus gap is -77%, meaning that our female employees' bonus is on average 77% higher than male employees. This is as a result of the high percentage of women in our executive and senior management population.



The difference in annual bonus pay between male and female employees in 2022 is:

MEDIAN
0%

MEAN
-77%



HOW IS PAY DISTRIBUTED BY GENDER?

Pay gap reporting should be considered in the context of the overall male:female distribution across the four quartiles of salary levels and roles. At 29.2%, the proportion of women in the top quartile has increased for the second 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 32% of the overall employee population are in operational 'technical' or 'physical' roles traditionally dominated by males and 8% of the population are working in our customer contact centres (where over 60% of role holders are female).

	MEN	WOMEN
TOP QUARTILE	71%	29%
UPPER MIDDLE QUARTILE	80%	20%
LOWER MIDDLE QUARTILE	79%	21%
LOWER QUARTILE	56%	44%
<hr/>		
OVERALL	71%	29%



WHAT'S OUR ETHNICITY PAY GAP?

We've reported two measures of our ethnicity pay gap, the median and the mean. 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. In addition, 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 in 2022 is:



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 2022

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

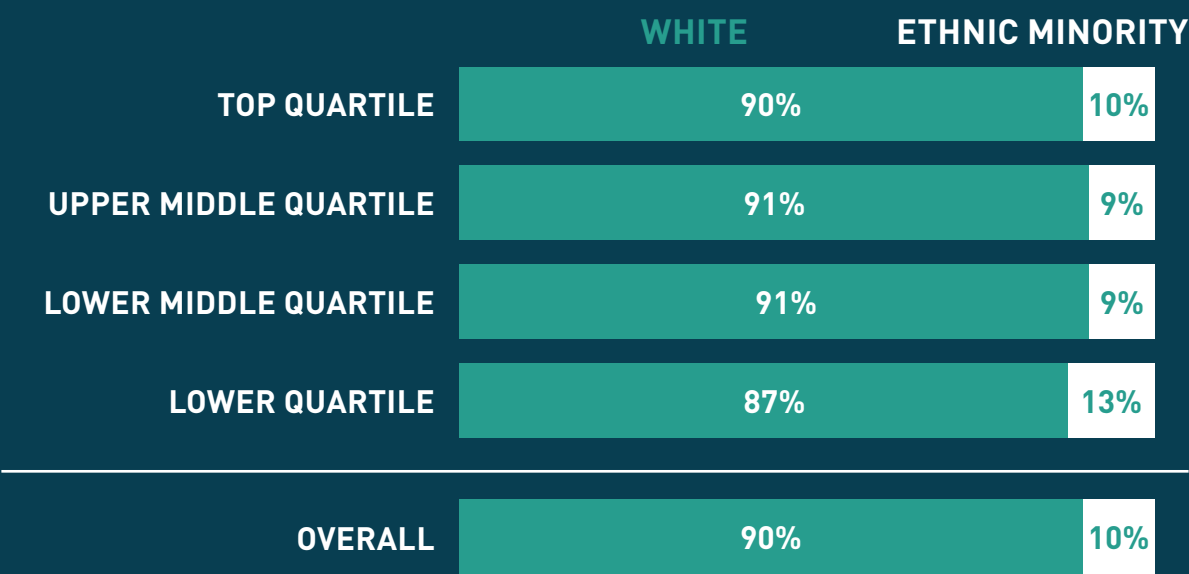


Our overall median bonus gap is relatively stable, with small fluctuations influenced by one-off recognition vouchers and long service award payments.

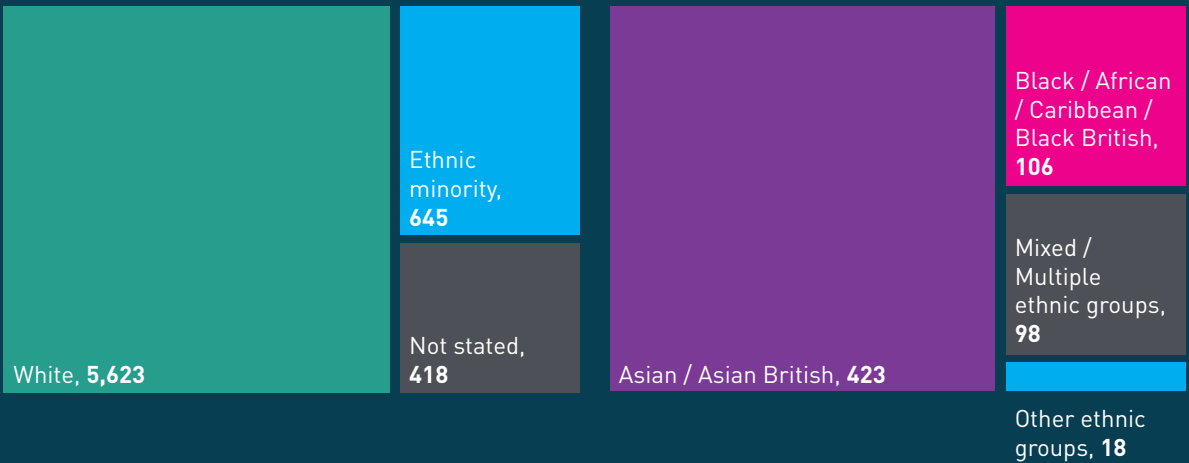
Our mean bonus gap is 50.4%, meaning that our white employees' average bonus is on average 50.4% higher than ethnic minority employees. This is as a result of low ethnic minority representation in our Executive population during the period of this report.

HOW IS PAY DISTRIBUTED BY ETHNICITY?

Ethnicity pay gap reporting should be considered in the context of the overall white:ethnic minority distribution across the four quartiles of salary levels and roles. At 10%, representation of colleagues from ethnic backgrounds is better than the industry average of 7%, but it doesn't yet mirror the communities we serve at 14.1%.



Around 94% of our employees have shared their ethnicity information and we continue to actively encourage all employees to share their data. Of those who have declared themselves as being an ethnic minority, around two thirds are Asian/Asian British.



WHAT ARE WE DOING ABOUT OUR **PAY GAPS?**

WONDERFULLY YOU – PROVIDING A DIVERSE AND INCLUSIVE PLACE TO WORK

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.

We now have four active employee advisory groups for LGBTQ+, Ethnicity, Disability, and Women in STEM and Ops. Each group is sponsored by an Executive Committee member and has a voluntary employee Chair. They work alongside external experts like the Disability at Work Charter and Stonewall to help shape our policies and interventions. Having a culture that enables individuals to be really comfortable in being themselves is a vital part of our future success. In September 2021, we launched 'Wonderfully You', our D&I ambition, which for the first time also includes targets.

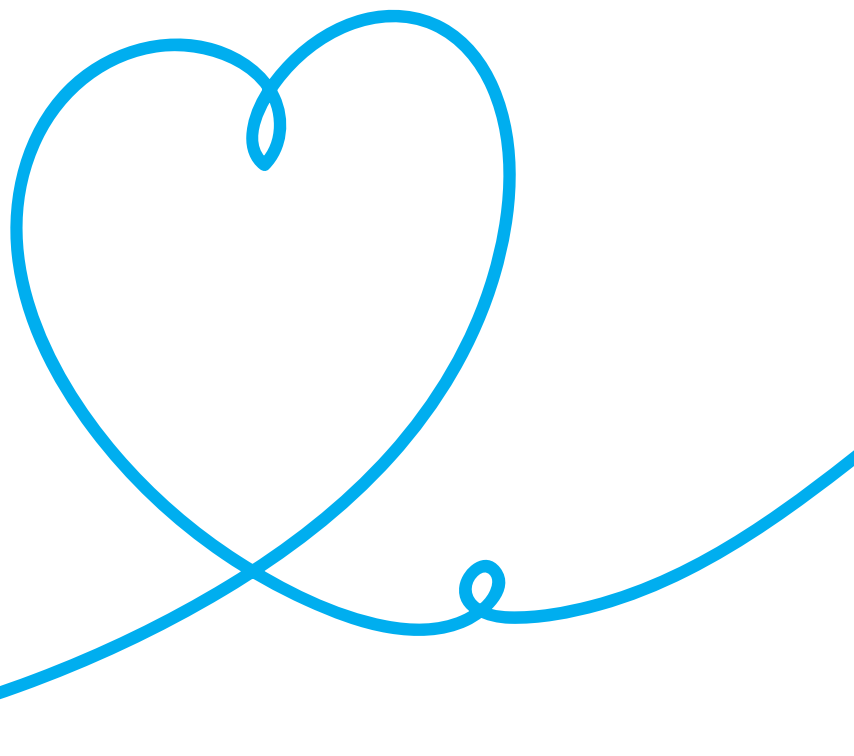
DIVERSITY

Our diversity ambition is to reflect the communities we serve. Success means we can feel comfortable that we are tapping into every available talent pool in our community, and that we can best serve our customers because we understand all their needs. Our plans to achieve that include widening our outreach programmes so that we attract more applications from under-represented groups, breaking down some of the historical stereotypes that might prevent people from considering certain career paths, and making sure that we have a level playing field at the selection stage.

The ethnic make-up of our apprentice population is above the sector average of 7%, at 9.4%, and we have almost tripled the number of females in apprenticeship roles during the year. We have made female appointments for the first time in our Leakage and Farm Liaison Teams, and have an 'all female' intake in the Visitor Experience Team.

INCLUSION

Our ambition for inclusion is to develop and maintain a fair working environment where everyone can succeed. We measure our progress through our engagement survey and monitor the parity or disparity between different genders and ethnicities. Reverse mentoring and our employee advisory groups have also helped to give our employees a voice across the organisation so that we can educate each other about our differences and have a say in our company policies and procedures.



WOMEN IN STEM AND OPS

In June 2021 we launched our Women in STEM and Ops advisory group, set up to 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 Helen Miles, our Director of Capital & Commercial Services and is chaired by Danielle Cherry, one of our Distribution Network Leads

Since the launch they have been non-stop on their mission to embed a fair and inclusive environment for all, while supporting the business to build and attract a diverse workforce. A selection of highlights from the advisory group to date, include:

In February 2022, Severn Trent presented at the STEM Women's Online Careers Fair, sponsored by MI5, MI6 and GCHQ and attended by 32 top employers from all over the UK. As well as taking part in the panel interviews, our New Talent team was on hand to support individuals with career coaching, job application support and interview preparation. 915 women attended the event and over 50 applications to work at Severn Trent were received.

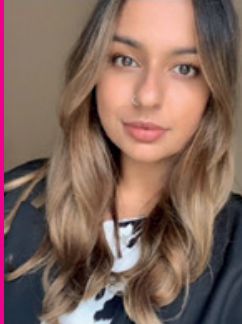


On International Women in Engineering Day on 23rd of June we hosted a webinar hearing from some of our female role models giving insight into their engineering careers and exploring the entry routes into STEM roles through apprenticeships, degrees or simply a change of career. We extended the invite to a number of local schools and posted the event on our LinkedIn profile too.

In September, we launched a new podcast series that shines a light on some of our female colleagues and digs a little deeper into their career pathway before and at Severn Trent.



ETHNICITY ADVISORY GROUP



This year we welcomed a new Ethnicity Advisory Group Chair – our Innovation Portfolio Lead, Jess Alce:

“I’ve been at Severn Trent a while now, having started on the Graduate scheme back in 2016 and I’ve worked in teams ranging from Operations to our Green Power Business, right through to my current role as Innovation Portfolio Lead in Chief Engineer.

It’s given me a real appreciation for how different people across the business are feeling when it comes to ethnicity and that personal approach is definitely something I want to bring to the advisory group. Being mixed race, I’ve seen the good, the bad and the ugly when it comes to this topic, and I really want to inspire people to take action when it comes to improving things here.

I’m still pretty new into this role, so I’m taking it all in and chatting to as many people as I can, but I know that this is something that needs everyone’s support, bottom up as well as top down, if we want to make a real difference.”



Jas, one of our HR Business Partners and a member of the Ethnicity Advisory Group since its infancy observes:

“Welcoming Jess as our new Chair has provided us with a fantastic opportunity to pause, reflect, and really think about the strategic priorities of the Ethnicity Advisory Group. We are all really passionate and recognise the great initiatives being led and driven across the Company, and now we’d like to focus our efforts on building and enforcing a culture where everyone is curious to learn, grow and be open to new experiences that may be different from their own”.



Sponsored by James Jesic, Customer Operations Director and Executive Team member, the leading principle of the Ethnicity Advisory Group is to foster a working environment where colleagues trust and know that all opportunities are available and more importantly, accessible.

Teresa Campbell, deputy chair reflects that for Severn Trent this means **“not just recognising differences but also accounting and adjusting for these differences and that’s where the Ethnicity Advisory Group plays a huge role in getting this right for all our colleagues across the organisation and for all the great talent who will embark on a career journey with us in the future”.**



TACKLING TABOOS TO **SUPPORT WOMEN**

There is nothing worse than feeling alone and isolated when you're already going through a tough time, so we're intentionally having more conversations and training about perceived taboo topics.

This year we have held further menopause training events for our Severn Trent colleagues, giving people the chance to understand its impact, how they can spot signs and support others where needed. We actively encourage men as well as women to attend these courses as we want everyone to understand that menopause is a huge, life-changing event which can impact both personal and working lives.

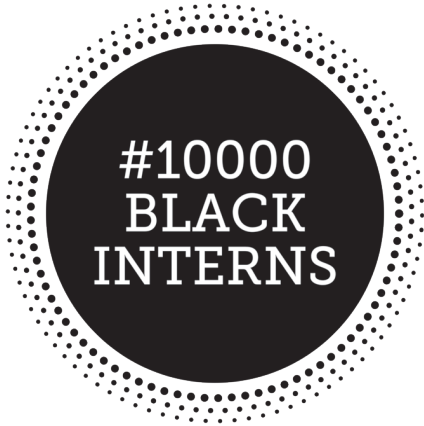


During Endometriosis Awareness Month in March we held a lunch and learn session, where Severn Trent colleagues spoke about their own personal experiences. Endometriosis is a chronic and often debilitating condition that can cause many symptoms and is more common than people think. With one in 10 women in the UK (of the reproductive age) suffering, it's so important we shed some light on what many people are going through on a daily basis.

Our HR policies are also continually being updated to make sure women are better supported. Last year we introduced a brand-new endometriosis supportive guide, covering what endometriosis is and how we can support our colleagues, in and out of work. We also signed up to the Endometriosis Friendly Employer Scheme to educate ourselves some more and really show we're committed to providing help to our colleagues, and communities.



BRIGHTER FUTURES



The #10KBI programme aims to transform the horizons of young black people across the UK by helping them to find work experience. The aim is to provide the interns with an opportunity to experience a real-life working environment, helping them to develop personally and professionally whilst having fun and creating skills for life.

This campaign is aimed at students studying at university alongside their degree to get a chance to get some paid work experience.

WHY IS IT NEEDED?

Recent unemployment figures show that a young black man is three times more likely to be unemployed than a young white man, which is simply not okay. For that reason, the #10KBI programme has been made specifically for young black people to help tackle the employability challenge and give them the step up they need into the world of work.

HOW IS SEVERN TRENT GETTING INVOLVED?

We made the largest pledge out of all the companies involved with 100 placement opportunities offered, and 61 interns joining us across our 12-week and 8-week summer placements. Seven of these are staying on at Severn Trent in permanent roles or on our New Talent programmes, and we will be keeping in touch with those returning to university in the hope that some will join us permanently once they complete their degrees.

As well as providing meaningful work experience, we've supported all of our interns to develop their employability skills too, to equip and set them up for future career success - be it with us, another company or further education to support their career aspirations. Our work in schools and colleges is also helping to improve the diversity of our new talent intakes, with our apprentice ethnicity above the sector average of 7%, at 9.4%.

Severn Trent aim to transform the lives of **100,000 people** across the Midlands by supporting them out of water poverty by 2032. To do this we're launching an exciting new employability and skills plan to advance social mobility over a decade to help build brighter futures for some of our most marginalised communities.



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



Chief Executive Officer
Severn Trent Plc



**Wonderfully
you**



WONDERFUL ON TAP