



GENDER AND ETHNICITY PAY GAP REPORT 2024

WONDERFUL ON TAP



2024 GENDER AND ETHNICITY PAY GAP

We are delighted to publish our third combined Gender and Ethnicity Pay Gap Report.

While we're going to be focussing on gender and ethnicity pay gaps here, we treat these as two pieces of the broader diversity landscape. Our refreshed Diversity and Inclusion ('D&I') Strategy, launched in 2024, summarises our approach. It helps us to deliver for our customers and do right by our communities.

At Severn Trent, diversity is a huge part of who we are as a business, how we operate and how we continue to deliver against our bold ambitions. We positively celebrate diversity and inclusion, and embrace individuals' contributions, no matter their gender, age, race, ethnicity, disability, sexual orientation, social background, religion or beliefs.



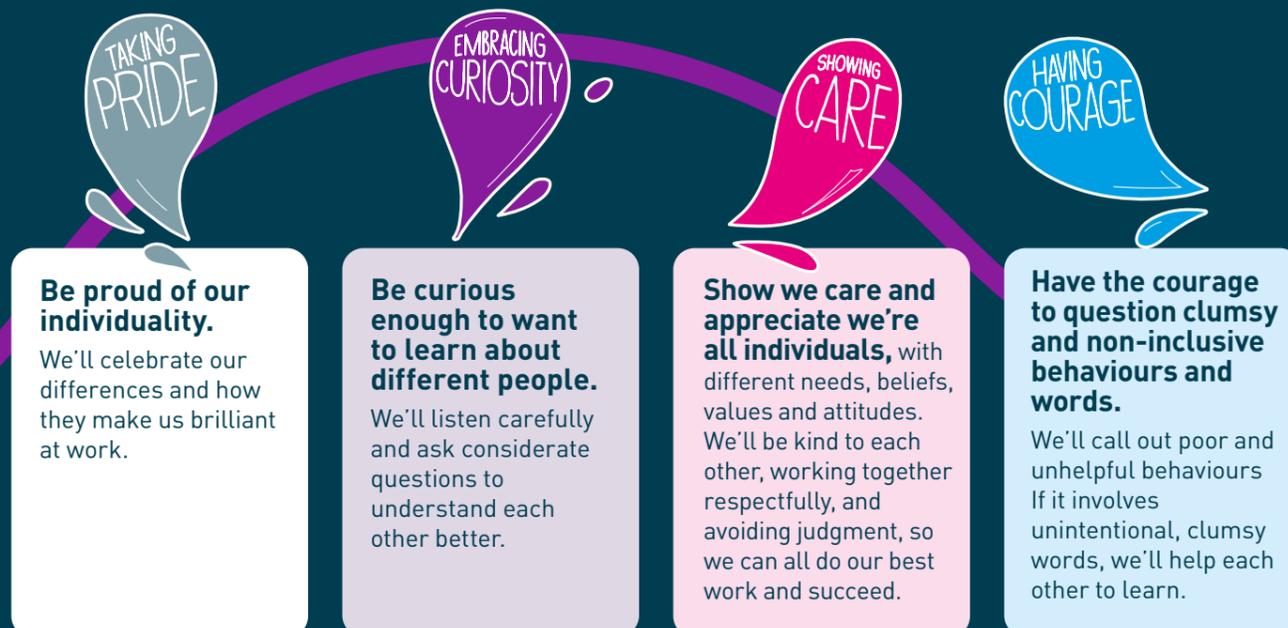
We're not all the same. We all arrive at today from different directions. Embracing that – and making it part of our business – isn't just something that's nice to have, it's a must have.



We believe that having a focus on diversity will help us:

- Provide a great customer service** By having a broad range of people in our teams, who can really understand and empathise with our customers.
- Address skills gaps** By inspiring the widest range of people to come and work with us, and encouraging more diversity into scarce skills.
- Support our communities** By helping people from all backgrounds into work or by giving them the skills, confidence and support they need to build their careers here or elsewhere.

Our company values reflect our approach to diversity and inclusion within Severn Trent:



HEADLINE PAY GAP NUMBERS

The difference in hourly pay between all male and female employees in 2024 is:



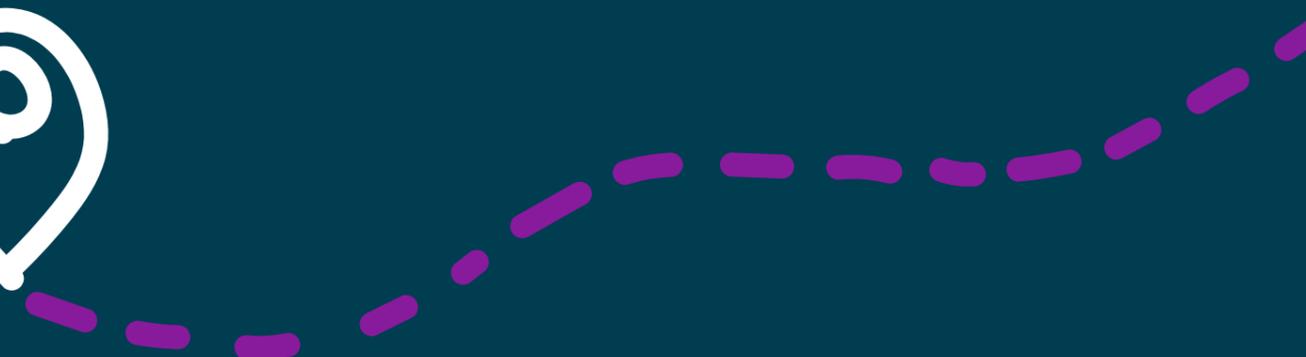
This means that the median hourly pay for male employees was 8.2% higher than for female employees, and the average hourly pay was 1.9% higher for male employees.

The difference in hourly pay between white and ethnic-minority employees in 2024 is:



This means that the median hourly pay for white employees was 10.1% higher than for ethnic-minority employees, and the average hourly pay was 7.6% higher for white employees.

For details on our methodology and how we have reported the pay gaps, see pages 14 and 15.



WHAT'S OUR GENDER PAY GAP?

Our median gender pay gap has increased slightly to 8.2% in 2024, from 7.8% in 2023.

This increase is mainly due to our decision to insource more of our wastewater operational activities, supporting our commitment to go further and faster when it comes to

reducing spills and improving river health. Between March 2023 and March 2024 insourcing increased our workforce in this area by over 400 people, with 90% of these people being male.

Our mean gender pay gap has decreased to its lowest reported

level – 1.9% in 2024 from the 2.0% seen in 2023. This continues to be driven by the high proportion of women in our management and senior management roles.



We are confident that we have the right strategy and initiatives in place to move towards an appropriate balance of females in our workforce who are paid in line with their male colleagues. You can read more about this on pages 10 to 11.

The difference in hourly pay between male and female employees in 2024 is:

MEDIAN
8.2%
(2023: 7.8%)

MEAN
1.9%
(2023: 2.0%)

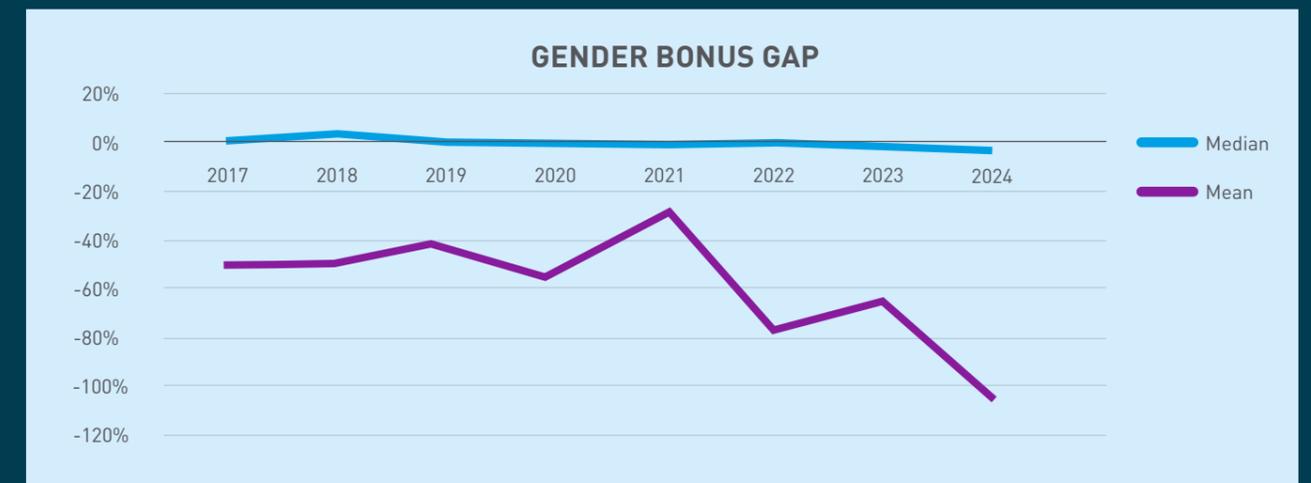
WHAT'S OUR GENDER BONUS GAP?

The gender bonus gap is the difference between the average bonus received by men and women in the year to March 2024.

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

All employees take part in the Annual Bonus Scheme when they have worked for Severn Trent Water for more than three months. This aligns everyone to the same goals; excellent operational performance outcomes for customers, environmental improvements, 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 95% of employees, are eligible for the same bonus opportunity, regardless of salary or gender.



Our mean bonus gap for 2024 was -104.2%, compared to -65.2% in 2023, meaning that our female employees' bonus is on average 104.2% higher than male employees. This is heavily influenced by the strong female representation in our senior and executive leadership population, which we have been externally recognised for.

In FTSE Women Leaders Review 2025, we were second for women on the board and 12th for women in leadership positions, and we were recognised for being one of only a small number of companies in the FTSE100 with women in three out of the four key roles; CEO, Chair and CFO. We also have female executives heading up our operational and technology teams.

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 annual bonus pay between male and female employees in 2024 is:

MEDIAN
-5.4%
(2023: -2.9%)

MEAN
-104%
(2023: -65%)

HOW IS PAY DISTRIBUTED BY GENDER?

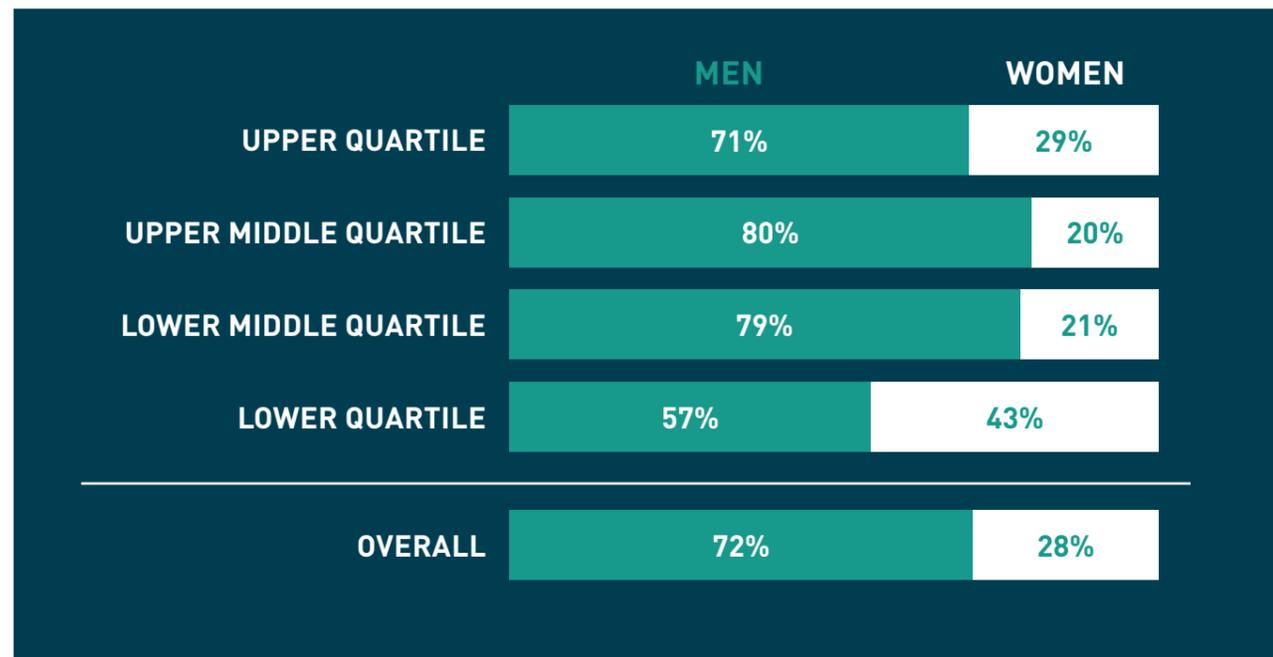
When looking at gender pay gaps, it's important to consider the overall split between male and female employees across the four quartiles of salary levels and roles.

We continue to operate in a male-dominated industry and that is reflected in the composition of our own workforce, 72% of which are men. This male bias is particularly evident in the upper middle and lower

middle quartiles, largely driven by our Customer Operations directorate. This is where the majority of our teams (just over 50% of our total workforce) are employed in traditionally male-dominated roles operating and maintaining our network of water and wastewater assets.

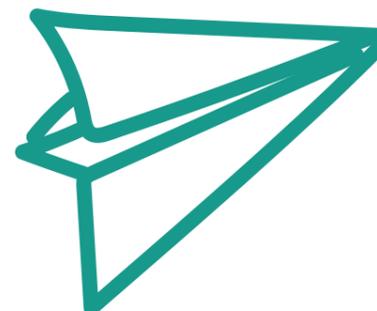
In the lower quartile, there is a greater proportion of females (43%) compared to the wider population.

This is driven by our administration and customer contact centre roles which are proportionately more weighted towards females than the rest of the organisation. Due to the nature of these roles, they are typically lower paying, with 77% of roles in these teams falling within the lower quartile of hourly pay for the company overall.



We are continuously striving to attract more females into our operational roles. This is challenging in the Water Industry, where only 6% of operational roles are filled by females, compared to 65% for customer service roles. Despite this, we are making progress, especially within our leadership and

graduate populations. In Customer Operations the percentage of female people managers increased from 24% (Mar-23) to 26% (Mar-24) and we had a significant increase in the proportion of female graduates, up from 17% (Mar-23) to 58% (Mar-24).



WHAT'S OUR ETHNICITY PAY GAP?

We've reported two measures of our ethnicity pay gap, the median and the mean, in line with 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:



Since 2021 (the launch of our first D&I Strategy) we have increased the percentage of ethnic minority employees from 10% to 13% and are seeing a consistent and sustainable increase of just under 1% improvement each year.

The increases we have seen in our ethnicity pay gap are due to the fact that we have been attracting ethnic minority talent into entry level roles which typically fall into the lower quartile of pay. While helping improve representation from the communities we serve, it will take time for this talent to progress through to more senior roles and to start to see a shift in pay, but we are confident that with a strong track record of internal progression, this will happen. We provide more detail on these plans on page 11.

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 in the year to March 2024.

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.

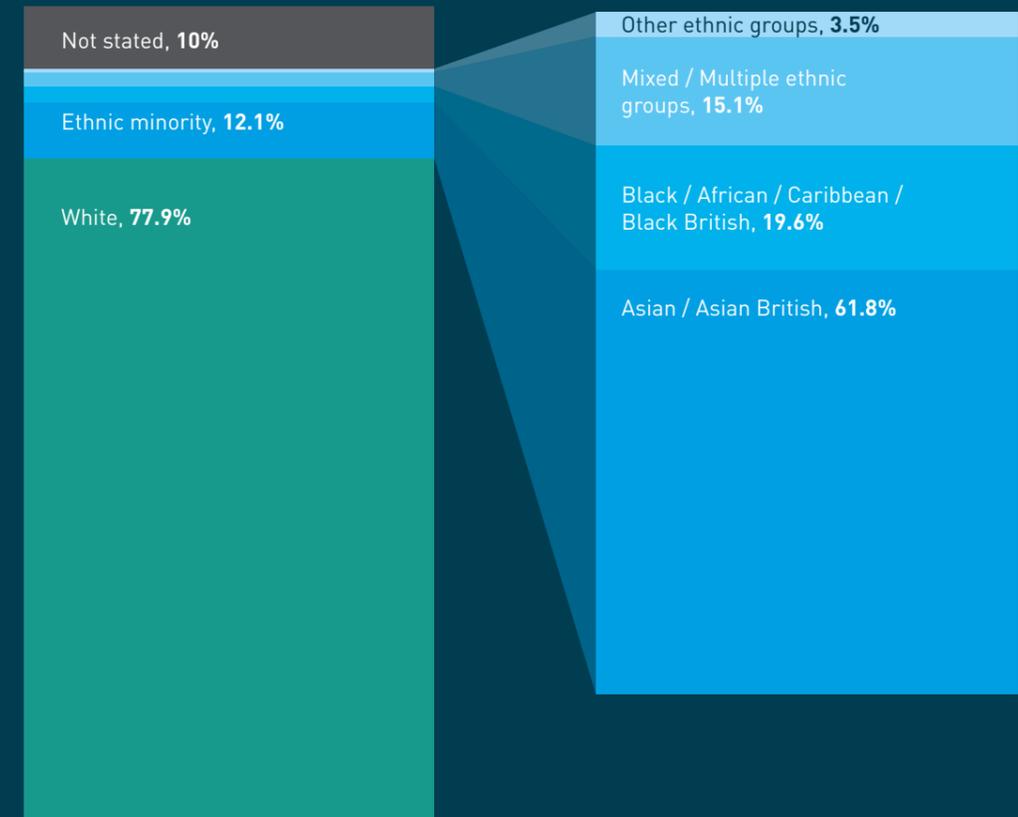
Our mean bonus gap is 37.4%, meaning that our white employees' average bonus is on average 37.4% higher than ethnic minority employees. This is due to under-representation of minority ethnic employees at senior levels. We are actively working to rebalance this and provide more detail on page 11.

HOW IS PAY DISTRIBUTED BY ETHNICITY?

As with gender pay gaps, when looking at ethnicity pay gap reporting we should consider the overall distribution across the four quartiles of salary levels and roles. At 13%, representation of colleagues from ethnic minority backgrounds continues to grow, up from 12%. This is significantly above the Water Industry average of 7%, but we know there is more to do. Our ambition is for our leadership teams and new hires to reflect our communities, at 18.9% ethnic minority. Details of our plans to achieve this ambition can be found on pages 12 and 13.



Around 90% 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, just over 60% are Asian.



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

While this report focuses on gender and ethnicity, we believe that these are only two elements of the broader equality debate, so it is important to look at what we're doing in our overall Diversity and Inclusion Strategy.

How our people feel about working at Severn Trent, as measured by our anonymous employee engagement survey, plays a huge part in our purpose as an organisation. In 2024, we reached a pivotal milestone in our D&I Strategy; we achieved gender and ethnicity parity on engagement scores. This tells us that our people, regardless of their gender or ethnicity, are equally happy to work for Severn Trent. Given that our most recent engagement score from November 2024 put us in the top 2% of companies globally, this is a huge achievement.

Achieving this sparked a refresh of our D&I Strategy; making it more purpose driven and closely aligned to our strategy and ambitions. At its heart is a belief that we've all been shaped by different things – whether it's our backgrounds, upbringings, life experiences or cultures – and it's those things that make us brilliant at work. Embracing those differences means we can deliver at our absolute best for our customers, communities and the environment. More detail on our D&I ambitions and approach can be found on pages 12 and 13.



If we employ, value and invest in a range of local talent, from all backgrounds and with different experiences and perspectives, we can build a skilled workforce who really understand and empathise with the communities we serve.



We believe our initiatives underpinning this strategy will help reduce our pay gaps over time. We outline some of our key areas of focus specifically around gender and ethnicity below.

Transparency remains critical to our approach and we are keen to go beyond publishing our gender and ethnicity pay gaps, to include disability and social mobility. As at April 2024, we did not have sufficient representation across these populations, with disability disclosure at 55% of our workforce, and social mobility at 39%. As part of our refreshed strategy, we are revising our approach to encourage colleagues to share their diversity data with us, to help us plan and make things better for everyone.

GENDER PAY GAP

We remain immensely proud of the female representation we have at the top of our organisation, with 63% of our Board and 44% of our Executive team being female. We also have a good level of female representation in our senior leadership team (defined as our Executive Committee and their direct reports), with 41% being female as at 5 April 2024. That falls within our ambition to have a split within a 40/60 balance of both sexes. We are confident in the future pipeline of female talent that we have further down the organisation, which is important given that around half of these senior roles have historically been filled internally.

Looking at our gender distribution, we are focused on finding ways to attract more females into roles that typically fall into the upper middle quartile of pay. In 2024, only 20% of individuals in the upper middle quartile were filled by women. This is due to many of the roles in this quartile being in Customer Operations, in traditionally male-dominated roles, operating and maintaining our network of water and wastewater assets. We believe there is a real opportunity here to address this imbalance, changing our approach to recruitment and finding innovative ways to increase the appeal of these roles to women.

We've put a lot of work into this over the last 12 months. This has included changing how we advertise our

operational roles, extensive careers outreach and employability skills training in schools, colleges and universities, and continuing to host discovery days for female students across our partner schools. This has really helped and now 58% of our operational and environmental Graduate Leadership Programme are female. We have also seen female apprentices join us in leakage and maintenance roles.

More broadly, we continue to identify and implement changes which will have a positive impact for all females within Severn Trent and further reduce the gender pay gap, including:

- The launch of our industry and FTSE leading Maternity and Adoption Policy in April 2024, with 46 weeks full pay (allowing people to take a year off fully paid when annual leave and bank holidays are included).
- A focused Menopause Strategy, which aims to ensure that the right support levels are in place for women going through this challenging time. It also educates and raises awareness across the organisation to eliminate any stigma associated with the menopause, helping to normalise the conversations around it.
- Launch of Imposter Syndrome Awareness training, a syndrome which adversely impacts females and those from ethnic minority

backgrounds. The training helps people understand and overcome challenges associated with self-doubt, self-belief and self-confidence.

- A significant programme of activity and events, developed and led by our Women's Colleague Network, which champions women in Severn Trent and ensures they have a strong voice throughout the organisation.

ETHNICITY PAY GAP

Since launching our first D&I strategy in 2021, we have focused on bringing more diversity into the organisation. We have seen consistent and sustained improvements in the numbers of employees from a minority ethnicity background, rising by around 1% per year. At April 2024, 13% of those in our workforce who had provided their diversity data were from a minority ethnic background; while this progress is encouraging, we acknowledge that we need to go further and faster to achieve our ambitions.

In our refreshed D&I Strategy, our goal is clear; we want to ensure that our leadership and new hires represent the communities that we serve. This means that 18.9% of our people should come from a minority ethnic background.

Our 2024 ethnicity pay gaps increased in the year, due to an increase in the proportion of ethnic minority employees who fall into the lower quartile of pay. Analysis of this movement brings positivity however, with a good proportion of the increase being due to our significant intake of graduates and apprentices from a minority ethnic background. While they may start at the lower end of our salary range, we anticipate that they will quickly progress through the organisation, to become the senior leaders of the future, helping shift the balance at the top of our organisation.

We are also focused on activity that will drive change in the short term as well including attracting more senior talent from minority ethnic backgrounds. That includes making sure we have diverse shortlists for senior roles, considering both internal and external options, and ensuring that we populate our internal development programmes with diverse talent. Our Executive Committee are fully engaged in this ambition, with individual plans being established for each directorate to help achieve our diversity ambitions.

OUR **D&I** AMBITIONS AND APPROACH

Our **Diversity and Inclusion Strategy** details our approach to D&I and how it will help us to best deliver for our customers and communities, whilst supporting each unique individual at Severn Trent.

DIVERSITY

We know diversity is critical to our success. Having a wide range of talented people helps us to make better decisions, provide a great customer service, address skills gaps, and support our communities. That's why we have specific diversity targets where it matters most:

- In leadership (where decision-making happens): to be broadly balanced, with no more than 60% of one sex.
- On ethnicity: to be representative of our communities and have 18.9% of workforce from an ethnic minority background.
- On new hires: to be 35% female (which is challenging for our industry) and 18.9% minority ethnic. We are committed to transparency and publish our overall workforce diversity percentages each year in our Annual Reports and Accounts.

INCLUSION

We recognise we're all different, and when we bring our unique experiences and perspectives together to deliver for our customers and communities, that's our strength. And we celebrate that, through our Wonderfully Me campaign, where colleagues are encouraged to think about their differences (big or small) and how this helps them at work.

We have a range of colleague networks, including a Women's Network and an Ethnicity and Cultural Heritage ('EACH') Network, each with an executive sponsor and a recruited chair. These networks help us celebrate and learn about our differences throughout the year. For example, on International Women's Day, the Women's Network hosted a panel on inspiring inclusion, which included a valuable session on imposter syndrome. During Black History and South Asian Heritage months, our EACH network shared insights into different cultures, including various foods and unique experiences, such as the experiences of black women going through menopause.

We want every Severn Trenter to feel included and able to do their best work, regardless of their differences. So, we measure progress by what our people tell us, through our employee engagement survey "QUEST".

The great news is we're in the top 2% globally for engagement, and inclusion, with engagement parity across genders and ethnicities.

Some other things we're super proud of in this space are:

- FTSE Women Leaders Review 2025: second in the FTSE100 for women on the Board and 12th for women in leadership positions
- Race Equality Matters Bronze Award
- 9th in Social Mobility Index (Top 10 for the sixth year running)
- Disability Confident Employer Level 2
- British Association for Supported Employment ('BASE') Large Employer Award
- Armed Forces Covenant Gold Award

GROWING TALENT IN OUR COMMUNITIES

Our Societal Strategy aims to help 100,000 people in our region out of water poverty by increasing their employability. Everyone working at Severn Trent is here on merit. And we want more of the same. That means giving everyone in our communities the chance to access the careers we have on offer, regardless of their differences and helping us to attract more diverse talent.

This year we've:

- Delivered over 500 work experience opportunities, through face-to-face placements and discovery days. 83 of these were paid work experience placements,

including 33 through the 10,000 Interns Foundation programme and 50 through our work readiness programme, which is aimed at helping those who are currently unemployed enter or re-enter the job market

- Facilitated 10 career discover days for 295 students, including a bespoke event for female students on International Women in Engineering Day (with support of our Women's Network)
- Created 50 x 12 week paid work experience placements for Coventry residents who were currently unemployed, with the aim of providing meaningful work experience and employability skills

- Provided over 178 of days free employability training (like CV writing, interview skills) to 3,840 people since April across our community partnerships, schools, and prisons
- 6 Big Boost job fairs events where we bring together likeminded employers to help local people into work

Our D&I and community activities over time will help us to close our gender and ethnicity pay gaps, as we hire, grow and retain diverse talent across all roles and levels within Severn Trent.



ABOUT THE METHODOLOGY

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

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. That's why we're pleased to voluntarily include our third 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 have 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.

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



Chief Executive Officer
Severn Trent Plc



**Wonderfully
you**



WONDERFUL ON TAP