



Creating opportunity through inclusion:
Gender and Ethnicity Pay Gap Report 2025



Creating opportunity through inclusion

We are pleased to share Pennon Group’s 2025 Gender and Ethnicity Pay Gap Report, reflecting our continued commitment to transparency, fairness and inclusion.

Our ambition is to represent the diversity of the communities and customers we serve. With 3,632 colleagues across the Group, we recognise that building an inclusive workplace is fundamental to attracting, developing and retaining talented people from all backgrounds.

We are encouraged that this year’s results show positive movement, including a reduction in our median gender pay gap from 11.1% to 9.6% and a reduction in our median ethnicity pay gap from 11.9% to 10.7%. While progress is incremental, it reflects sustained focus on representation, progression and fair reward, alongside strengthened governance, leadership accountability and deeper colleague engagement.

Following continued organisational growth and integration across our regions, we remain focused on strengthening representation at all levels, improving workforce insight through better data and disclosure, and embedding inclusion into leadership accountability.

Central to this is ensuring colleague voice and lived experience actively shape our policies and priorities. We recognise that closing pay gaps requires long-term structural change, and we are committed to delivering sustained progress through clear targets and measurable action.

Our values shape our approach



underpins our commitment to trust and fairness for every single one of our colleagues



encourages colleagues to bring their authentic selves to work and respect their individual strengths and uniqueness



challenges us to create opportunities for the next generation of diverse talent

Headline pay gap numbers

Gender pay gap

The difference in hourly pay between male and female colleagues:

Median	↓ 9.6%	11.1%
Mean	↓ 2.4%	3.9%
	2025	2024

Ethnicity pay gap

The difference in hourly pay between white and ethnic minority colleagues:

Median	↓ 10.7%	11.9%
Mean	13.6%	11.7%
	2025	2024

These figures demonstrate progress in reducing our median gender and ethnicity pay gaps, while recognising there is more to do to improve representation at senior levels.

Gender pay gap

What is the gender pay gap?

The gender pay gap is the difference in average hourly pay between all male and all female colleagues across our business, regardless of the roles they perform.

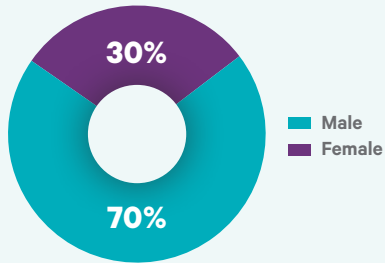
It is different from equal pay, which relates to men and women being paid the same for equal or equivalent work.

The national median gender pay gap in 2025 is **12.8%** (2024: 13.1%).

Pennon's median gender pay gap for 2025 is **9.6%**, below the national average.

Total colleagues	Median gender pay gap	Mean gender pay gap
3,632	9.6% (2024: 11.1%)	2.4% (2024: 3.9%)

Gender split



The gap is primarily influenced by workforce composition, particularly the underrepresentation of women in some operational and technical roles and at senior levels, reflecting wider sector trends. We continue to develop our strategy and initiatives to ensure the gender pay gap is reduced. You can read more about this on pages 6 to 8.

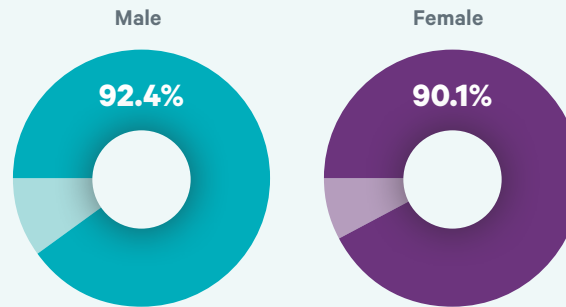
What is the gender bonus gap?

The gender bonus gap is the difference between the average bonus received by male and female colleagues during the reporting period.

All colleagues at Pennon are eligible for an annual performance-related payment.

	2025	2024
Median	5.2%	8.9%
Mean	-142.4%	-67.3%

Proportion receiving a bonus



The negative mean figure reflects variability in bonus outcomes at senior levels and the distribution of higher-value awards, noting we had a number of female executives, in particular our CEO, CFO and CPO. The narrowing median gap indicates improving balance in overall bonus distribution.

Proportion of males and females by pay quartile

The table below shows the percentage of male and female colleagues in each pay quartile.

	Male	Female
Lower quartile	58.5%	41.5%
Lower middle quartile	70.4%	29.6%
Upper middle quartile	73.3%	26.7%
Upper quartile	77.1%	22.9%

While female representation remains strongest in the lower quartile, we continue to focus on improving progression into upper middle and upper quartiles through targeted development and inclusive succession planning.



Ethnicity pay gap

What is the ethnicity pay gap?

The ethnicity pay gap is the difference in average hourly pay between white colleagues and colleagues from ethnic minority backgrounds across our business.

It is influenced by representation at different levels of the organisation rather than differences in pay for the same work.

- **Median ethnicity pay gap: 10.7%** (2024: 11.9%)
- **Mean ethnicity pay gap: 13.6%** (2024: 11.7%)

The reduction in the median gap reflects progress in representation and progression. The mean gap highlights the need to continue strengthening diverse representation in senior and specialist roles.

What is the ethnicity bonus gap?

The ethnicity bonus gap is the difference between the average bonus received by white and ethnic minority colleagues.

All colleagues are eligible for an annual performance-related payment.

	2025	2024
Median	6.7%	16.3%
Mean	57.3%	38.2%

The reduction in the median gap represents positive movement in bonus distribution. The mean gap reflects the impact of senior-level bonus awards and reinforces the importance of strengthening progression of ethnic minority colleagues into higher-paid roles. We continue to develop our strategy and initiatives to ensure the ethnicity pay and bonus gap is reduced. You can read more about this on pages 6 to 8.

Proportion of white and ethnic minority colleagues by pay quartile

	White	Ethnic minority
Lower quartile	88.4%	11.6%
Lower middle quartile	91.3%	8.7%
Upper middle quartile	95.4%	4.6%
Upper quartile	93.7%	6.3%

These figures demonstrate that ethnic minority representation decreases in upper middle quartiles, although there is representation in the upper quartile. Strengthening progression and succession planning remains a key priority.



Our approach to reducing gaps and increasing diverse representation

We recognise that sustainable change requires long-term focus, robust governance and measurable accountability. In 2025, we strengthened our approach through clearer targets, enhanced leadership oversight and expanded colleague engagement, including the establishment of the Pennon Inclusion Council, which brings together executive sponsors, Employee Resource Groups (ERGs) leads, HR specialists and business representatives to review workforce insight and monitor progress.



Strengthening equity, diversity and inclusion

Our three-year action plan (2026–2028)

Our plan is built around three priorities: **representation**, **accountability** and **social mobility**.

Priority 1

Strengthening representation at all levels

Increasing ethnic diversity in senior leadership

To support this ambition, we are:

- Embedding inclusive recruitment standards into policy and leadership training
- Widening senior shortlists and strengthening diverse succession pipelines
- Launching accelerated development pathways for high-potential ethnically diverse colleagues
- Establishing representation baselines benchmarked against community demographics
- Embedding Equality, Diversity and Inclusion (EDI) as a standing Board agenda item from 2028.

Increasing female representation across the workforce

We are focusing on attraction, inclusion and progression by:

- Auditing policies, practices and operational environments through an EDI lens
- Improving facilities and workplace culture in operational settings
- Expanding STEM partnerships and returner programmes
- Creating clearer progression routes into operational and technical roles
- Publishing an annual EDI report co-produced with employee networks.





2

Priority 2 Improving inclusion and accountability

Increasing ethnicity disclosure

Improved disclosure strengthens our insight and enables targeted action. We are:

- Delivering transparent data-use campaigns
- Embedding disclosure prompts into HR and learning systems
- Reviewing workforce data through the Pennon Inclusion Council
- Training 100% of leaders in inclusive leadership by 2028.

Embedding EDI into leadership accountability

We are integrating EDI metrics into performance reviews and succession planning, ensuring inclusion is a core leadership responsibility rather than a standalone initiative.

In 2025, we also:

- Expanded and strengthened Employee Resource Groups (ERGs), with executive sponsorship and structured annual plans
- Established the Pennon Inclusion Council to provide governance, challenge and cross-Group alignment
- Increased senior engagement in colleague networks to ensure lived experience informs decision-making.

3

Priority 3 Strengthening social mobility and talent pipelines

Long-term workforce sustainability depends on widening access to opportunity.

Expanding early- career access

We are:

- Refreshing our inclusive early careers strategy
- Continuing participation in programmes such as 10,000 Black Interns
- Introducing clearer progression routes into apprenticeships and graduate schemes.

Increasing socio- economic diversity

We will:

- Establish representation baselines
- Introduce targeted outreach activity
- Embed socio-economic considerations into workforce planning.



Strengthening inclusion through Employee Resource Groups

Creating an inclusive culture requires more than targets. It requires visible platforms where colleagues feel heard, supported and empowered to influence change.

During 2025, we strengthened and expanded our Employee Resource Groups to ensure colleagues from underrepresented communities have meaningful spaces for connection, advocacy and insight. We now have established networks supporting:

- Reach colleagues
- LGBTQ+ colleagues
- Women's health
- A women's professional network
- Neurodiversity
- Veterans.

Key progress this year includes:

- Growth in membership across existing networks
- Executive sponsorship for every ERG
- Increased senior leader engagement
- Greater collaboration between networks to share learning and best practice
- Direct input into policy development, including family-friendly, wellbeing and workplace adjustment policies.

Our ERGs are increasingly shaping organisational priorities. Their insight directly informs leadership discussions, ensuring lived experience is embedded into policy design, workforce planning and cultural change. This stronger feedback loop supports our broader ambition to close representation gaps sustainably.



Governance and transparency

Progress against our initiatives will be:

- Monitored through a dedicated leadership and talent dashboard
- Reviewed quarterly by the ESG Committee
- Reported publicly through our annual EDI and ESG disclosures.

We recognise that closing pay gaps and improving representation requires sustained commitment. While we have made progress in 2025, particularly in reducing our median gender and ethnicity pay gaps, we remain focused on accelerating progress, strengthening accountability and ensuring Pennon is a workplace where everyone can thrive and succeed.

Appendix

Gender pay gap (GPG)

	Employees		Mean GPG in hourly pay			Median GPG in hourly pay		
	As at 5 April 2025		2025	2024	Year on year difference	2025	2024	Year on year difference
South West Water	2,609		-0.90%	3.53%	-4.42%	4.86%	8.28%	-3.42%
SWW CS	375		-0.08%	1.02%	-1.09%	0.91%	1.73%	-0.82%
Pennon Water Services	166		15.79%	17.25%	-1.47%	3.15%	11.42%	-8.27%
Pennon plc	81		11.08%	21.78%	-10.71%	22.83%	26.88%	-4.05%
SES Water	401		8.61%	7.43%	1.18%	10.00%	10.73%	-0.73%
Pennon Group	3,632		2.39%	3.92%	-1.53%	9.62%	11.14%	-1.53%

	Proportion who received bonus in previous 12 months		Mean bonus GPG			Median bonus GPG		
	Males	Females	2025	2024	Year on year difference	2025	2024	Year on year difference
South West Water	94.74%	92.58%	-31.14%	0.15%	-31.29%	4.51%	5.25%	-0.74%
SWW CS	95.65%	88.35%	43.28%	20.56%	22.72%	5.28%	6.68%	-1.40%
Pennon Water Services	95.56%	97.56%	-19.04%	-9.28%	-9.75%	-41.23%	4.63%	-45.87%
Pennon plc	53.49%	83.33%	-579.61%	-381.63%	-197.98%	-100.30%	48.11%	-148.41%
SES Water	79.29%	84.83%	13.70%	33.06%	-19.36%	0.89%	0.00%	0.89%
Pennon Group	92.35%	90.78%	-142.42%	-67.30%	-75.12%	5.23%	8.91%	-3.68%

Gender pay gap quartiles

	Upper quartile		Upper middle quartile		Lower middle quartile		Lower quartile	
	Males	Females	Males	Females	Males	Females	Males	Females
South West Water	74.0%	26.0%	81.9%	18.1%	76.1%	23.9%	69.3%	30.7%
SWW CS	47.4%	52.6%	51.6%	48.4%	31.9%	68.1%	59.3%	40.7%
Pennon Water Services	71.4%	28.6%	48.1%	51.9%	44.9%	55.1%	38.1%	61.9%
Pennon plc	55.0%	45.0%	55.0%	45.0%	40.0%	60.0%	28.6%	71.4%
SES Water	75.2%	24.8%	68.7%	31.3%	67.0%	33.0%	58.4%	41.6%
Pennon Group	77.1%	22.9%	73.3%	26.7%	70.4%	29.6%	58.5%	41.5%

This statement confirms that the published information is accurate at the time of submission.



Robyn Fisher

Head of Reward, Pennon

Ethnicity pay gap (EPG)

	Mean EPG in hourly pay 2025	Median EPG in hourly pay 2025	Proportion of ethnic minority who received bonus in previous 12 months	Proportion of white who received bonus in previous 12 months	Mean ethnicity bonus gap 2025	Median ethnicity bonus gap 2025
South West Water	10.05%	9.39%	94.95%	92.58%	-13.69%	6.67%
SWW CS	8.97%	3.05%	91.84%	88.35%	42.94%	0.00%
Pennon Water Services	21.44%	7.10%	100.00%	97.56%	-12.95%	-3.39%
Pennon plc	100.00%	0.00%	79.59%	83.33%	97.77%	-39.73%
SES Water	13.47%	9.35%	87.08%	84.83%	78.53%	49.99%
Pennon Group	13.60%	10.72%	93.49%	90.78%	57.29%	6.67%

Ethnicity pay gap quartiles

	Upper quartile		Upper middle quartile		Lower middle quartile		Lower quartile	
	Ethnic minority	White	Ethnic minority	White	Ethnic minority	White	Ethnic minority	White
South West Water	4.6%	95.4%	4.3%	95.7%	9.2%	90.8%	7.2%	92.8%
SWW CS	1.8%	98.2%	6.5%	93.5%	7.9%	92.1%	3.6%	96.4%
Pennon Water Services	6.3%	93.8%	5.9%	94.1%	30.0%	70.0%	33.3%	66.7%
Pennon plc	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%	0.0%	100.0%
SES Water	9.4%	90.6%	16.3%	83.7%	14.5%	85.5%	25.7%	74.3%
Pennon Group	6.3%	93.7%	4.6%	95.4%	8.7%	91.3%	11.6%	88.4%

