



Our gender pay gap.

5 April 2018

Our gender pay gap as at 5 April 2018

Embracing diversity in all its forms makes us both stronger and more effective as a company, leading to a better service for our customers. We published our first gender pay gap report in December 2017 using a snapshot date of 5 April 2017. Since then we have been taking positive steps towards reducing our gender pay gap as part of our wider diversity and inclusion strategy. Women make up 33% of our workforce and we are continuing to look at ways to increase the number of women within the company.

Pay gap

Our mean gender pay gap has reduced from 13.3% at 5 April 2017 to 10.8%* at 5 April 2018. Our median pay gap has also reduced, down from 15.4% to 12.5%. This is due to an increase in the number of women within our upper pay quartiles and less women in our lower pay quartiles.

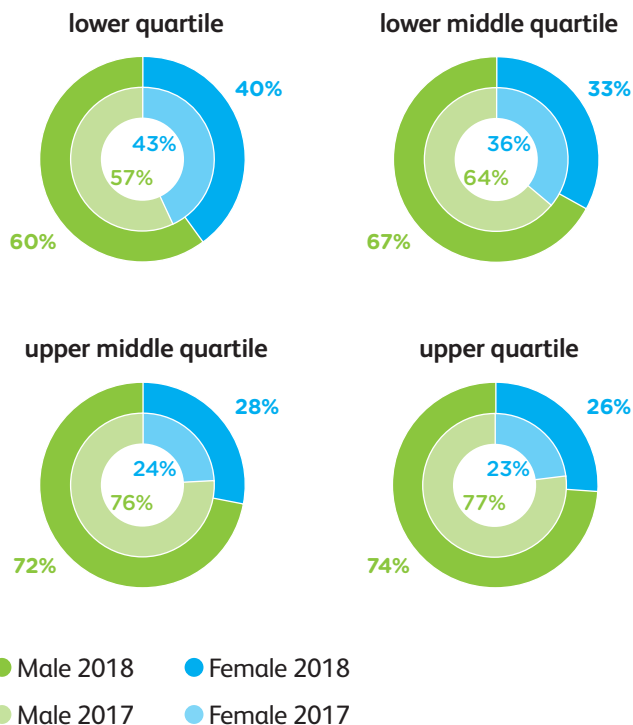
* For this report we have excluded an allowance paid to our Network Service Technicians (NSTs) which most closely approximates "pre-paid" overtime and distorts the outcome. If this number were included the mean gender pay gap would be 12.82%, a reduction of 0.5% year on year.

Bonus gap

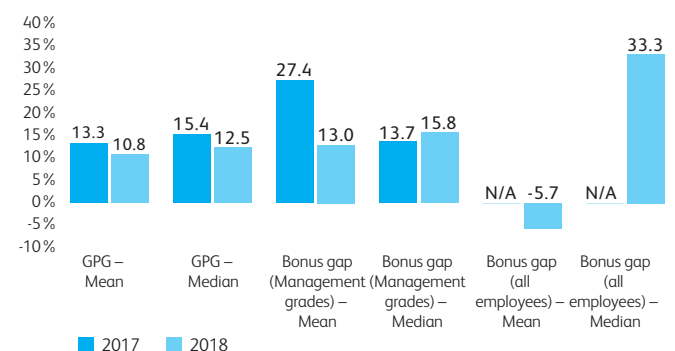
Our average (mean) bonus gap is 5.65% in favour of women, while the median bonus gap is 33.33% in favour of men. Under gender pay gap reporting rules, bonus payments include long service and recognition awards as well as annual management bonus. 15% of women and 18.65% of men received these types of bonus award.

Our long service awards are typically between £100 and £1000 and 77% were awarded to men reflecting the industry wide pattern of having more men with long service. Recognition awards which are typically between £10 and £50 have been awarded more evenly.

9% of our employees are eligible to receive an "annual management bonus". The mean bonus gap for these employees has reduced from 27.4% in 2017 to 13% in 2018 although the median gap has increased slightly. This mix of different payments is reflected in the bonus pay gap.



Gender pay gap %



Reasons for our pay gap and plans to reduce the gap

The key reasons for our gender pay gap are common to our industry. These include more men in senior roles as well as more men in roles attracting shift pay and other working pattern allowances.

As noted, we have removed the Network Service Technician (NST) allowance which is effectively pre-paid overtime and which alone distorted the gender pay gap by over 2%.

Senior roles

A key driver in our pay gap is the smaller number of women in senior roles compared to men. We are pleased that actions we have taken in 2017 have had a positive impact on the pay gap.

Since April 2017:

X3

The number of women on our ten person Executive team has tripled.

53%

of those recruited to our 2017 graduate programme are female.

52%

of people who were promoted into a management grade are female.

33%

We are also continuing to sponsor female managers to attend leadership masterclasses. 33% of those who attended in 2016 have been promoted so far.

Working pattern allowances

Shift pay and other working pattern allowances often relate to technical and engineering roles, and there's a higher prevalence of men in these roles. As such 90% of these allowances are paid to men. We are seeking to promote these careers to females, through initiatives such as our 'women in water networks' and 'women in engineering' workshops.

If we exclude these allowances from our calculations our mean pay gap drops to 8.4% and our median pay gap drops to 8.1%.

Reviewing the way we pay people, and the effect on gender pay, is part of our people plan.

What is the 'gender pay gap'?

The gender pay gap is the difference in the average earnings between men and women, regardless of the roles they do. Gender pay differs from 'equal pay', which looks at pay differences between people carrying out the same or comparable work.

Mean versus median

The gender pay gap is reported on both a mean (average) and median (mid-point of a group) basis. The two measures are complementary and illustrate different aspects of the distribution of pay across an organisation. The mean gender pay gap is the difference in the average hourly pay for women compared to men.

If you were to separately line up women and men from lowest to highest pay rate, the median pay gap would be the difference between the hourly pay rate for the middle woman compared to the hourly rate for the middle man.

Our gender pay gap information in this statement is accurate as of 5 April 2018.



Janet Burr

HR Director, Thames Water Utilities