

THE WATES GROUP FAIR PAY REPORT 2021

A JOINT STATEMENT FROM OUR CHAIRMAN AND CHIEF EXECUTIVE



This is the Wates Group's first Fair Pay Report. It comprises our fifth statutory Gender Pay Gap Report and our first voluntary Ethnicity Pay Gap Report. We are one of the first organisations in the Built Environment to publish a Fair Pay Report and are doing so, ahead of any legislative requirements, because we believe it is the right thing to do.

We want to be transparent about the progress we are making in becoming more diverse and representative of the communities in which we work. We want to be a fair, trusted and inclusive employer and to create an environment in which all talent is welcomed, included and connected. We want Wates to be an organisation to which everyone is happy and proud to belong.

When we launched our [Diversity and Inclusion Strategy in 2019](#), we set out the changes we want to make to the structure of our workforce by 2025. Although we have made some progress, we acknowledge that we have much further to go in our journey to improve inclusion and diversity at Wates and in the sector.

Building on the five key actions which we set out in our Gender Pay Gap Report last year, the focus for the last twelve months has been on placing inclusion at the heart of our culture. This included continuing the roll-out of our 2020 programmes such as our iLead Inclusive Leadership programme to senior management grades, our Reverse Mentoring programme and our Employee Network groups. In 2021 we launched our Anti Bullying and Harassment Policy which formalises our zero-tolerance approach to inappropriate, non-inclusive behaviour.

Building on the 2020 launch of our industry-leading Family Leave Policies, in 2021 we published our Flexible Working Principles. These six principles guide colleagues across the Group to make flexibility work for our business and are based on the idea that some sort of flexibility can be applied to all roles (on an 'if not, why not?' basis). This also applies to our construction sites where we launched a 'One Simple Thing' pilot, encouraging colleagues to identify small changes they can implement in their working practices to enhance the quality of their lives and then work with colleagues to find a way to make those changes in a way that improves the performance and wellbeing of their team.

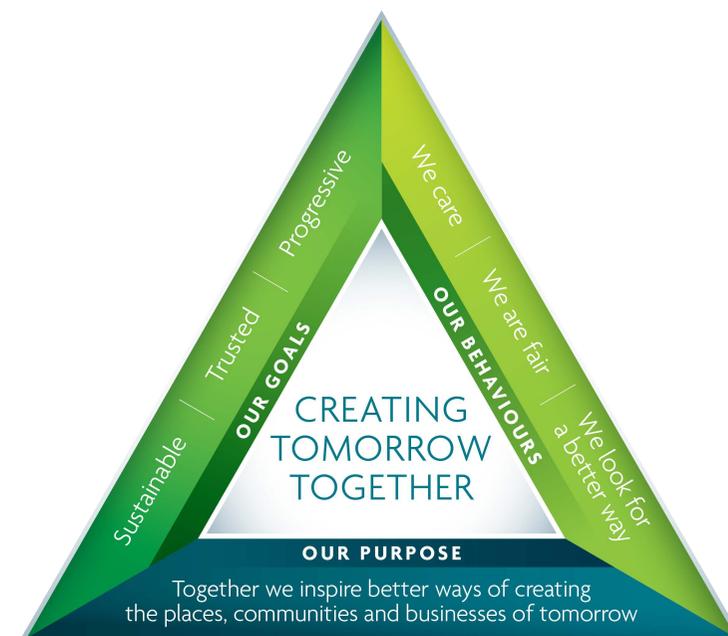
We also highlighted the destructive impact of micro-aggressions and launched our 'You are pretty clever ...for a Builder' poster campaign to raise awareness of how assumptions hurt all of us and how careless language can make people feel excluded. All our colleagues have been asked to commit to a personal objective for 2022 that promotes greater inclusion or diversity, hardwiring into our performance management process an assessment of the contribution each colleague makes to our progress in this vital area. For the first time, staff bonuses in 2022 will be calculated with reference to a diversity metric.

Making progress towards our goals requires regular and robust data and information. Last year we also invested in the creation of diversity dashboards which are now an established feature of our monthly and quarterly performance reporting at ExCo. We also published our first [Inclusion and Diversity Report in January 2022](#), documenting the steps we are taking towards our 2025 goals.

Finally, we remain determined to lead change in the Built Environment sector and in society. We are pleased that Wates is an active contributor to external forums such as Building Equality, the Business Disability Forum, the 10,000 Black Interns initiative and other regional and local efforts.

Sir James Wates CBE
Chairman

David Allen
Chief Executive



WATES' GUIDING FRAMEWORK

WATES GENDER PAY GAP REPORT 2021



This year Wates publishes its fifth annual Gender Pay Gap Report, in line with legislation. We are required to publish four types of figures:

- Gender pay gap (mean and median averages in hourly rates of pay)
- Gender bonus gap (mean and median average)
- Proportion of men and women receiving a bonus
- Proportion of men and women in each quartile of the organisation's pay structure

In addition to publishing these figures for our three employing entities (in the final page of this report), we have also presented a summary of the results in each category for the overall Wates Group (which includes all our employees) to evidence the progress that is being made in executing our inclusion and diversity (I&D) strategy.

PAY DIFFERENCE BETWEEN WOMEN AND MEN

(as of 5 April 2021)

Gender pay gap	Percentage
Mean gender pay gap across all Wates Group employees	24.9%
Median gender pay gap across all Wates Group employees	30.5%

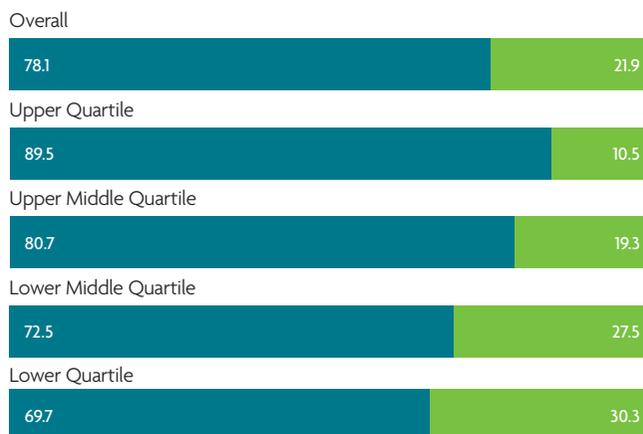
This data illustrates the difference in average hourly rate of pay for all women compared to all men, irrespective of their grade or role. It is expressed as a percentage of men's average pay, and the calculation has been completed in line with legislation. Gender pay gap reporting is not the same as equal pay, which is concerned with ensuring women and men are paid the same for the same work or work of equal value. In Wates, our gender pay gap is driven by a higher proportion of men occupying senior and higher graded roles as is demonstrated by the smaller proportion of females in the upper pay quartiles in the charts.

There has been some considerable improvement in both our mean and median gender pay gaps compared to the [2020 Report](#). However, looking back over the last five years of reporting, it is clear that this gap can only be closed by significantly increasing the proportion of women in our upper pay quartiles.

PROPORTION OF WOMEN AND MEN IN EACH QUARTILE OF OUR PAY STRUCTURE

(as of 5 April 2021)

Distribution of employees across the pay range



The bar graphs illustrate our gender distribution on each of the four equally-sized pay quartiles. Overall, there has been a slight increase in the representation of women in Wates (21.9%), but women continue to be underrepresented in our upper pay quartile where they account for just 10.5%. Despite the marginal improvement from 8.1% in 2020, it is clear that we must continue to focus on increasing the diversity of our leadership and senior management populations.

BONUS DIFFERENCE BETWEEN WOMEN AND MEN

(in 12 months preceding 5 April 2021)

Gender bonus gap	Percentage
Mean	-7.9%
Median	18.6%

These are the mean and median gaps between bonuses paid to men and women during the period of 6 April 2020 to 5 April 2021. The primary reason why the figures differ significantly from the 2020 report is that most employees did not receive bonus payments in March 2021 due to the impact of COVID-19 on our organisation in the 2020 performance year.

PROPORTION OF WOMEN AND MEN RECEIVING BONUSES

(in the 12 months preceding 5 April 2021)



These are the percentages of bonuses paid to both men and women across the Wates Group. Due to the impact of COVID-19, both percentages are more than 50% lower than the 2020 figures.

The biggest changes from the 2020 report are the bonuses paid and the subsequent reduction in the bonus pay gap. However, this is due to the impact of the pandemic on business performance in 2020 and is not the result of structural changes that would affect bonus payments in the future.

OUR ONGOING ACTIONS TO ADDRESS OUR GENDER PAY GAP

Over recent years we have focused our efforts on making Wates a fair place to work. This has included the roll-out of our market-leading family-friendly policies in 2020, formalising our zero-tolerance stance on anti-bullying and harassment, and highlighting the issue of 'microaggressions'. In addition, in 2021 we also started to place greater focus on how remuneration decisions affect our gender pay gap.

We now monitor our gender pay gap throughout the year, rather than just once a year via this formal report. This means that all salary reviews and promotions are monitored and managed to ensure that they do not worsen the underlying gender pay gap (as well as ensuring that we are as fair as possible to individuals as well as to groups).

For 2022 we have introduced a diversity target into our employee bonuses scheme. This now means that increasing the number of women at management and leadership levels will have the same weight as safety within our variable pay arrangements.

WATES ETHNICITY PAY GAP REPORT 2021



This year we publish our first annual Ethnicity Pay Gap Report. Although there is no legislative requirement to produce it or to structure it in a particular way, we have mirrored the format of the Gender Pay Gap Report for ease of comparison and to establish a benchmark against which to monitor our progress.

For this first report, we will be publishing figures for the overall Wates Group rather than for any of our three employing entities. As with the Gender Pay Gap Report, we have used the same 5 April 2021 snapshot date for the ethnicity pay gap and the previous 12 months for the ethnicity bonus gap.

EMPLOYEE DATA

We employed 3,593 people on 5 April 2021, but 154 had no declared ethnicity and so we removed them from the data. A further 36 were excluded from the pay gap section of the report because they received less than their regular pay due to leave (maternity, long term sick etc.). This left 2,992 White and 411 Black, Asian, Multi Heritage or any other ethnic minority employees who were used to calculate the gap portion of the report. The ethnic balance is:

Ethnicity	Wates Group
White	87.9%
Ethnic minority	12.1%

ETHNICITY PAY GAP

(as of 5 April 2021)

In Wates, there are similar differences between white and ethnic minority employees as there are between male and female employees

Ethnicity pay gap	Percentage
Mean ethnicity pay gap across all Wates Group employees	25.4%
Median Ethnicity pay gap across all Wates Group employees	29.7%

Again, the driver of this difference is the relatively low proportion of ethnic minority employees in senior roles across the Group.

DISTRIBUTION OF ETHNICITIES ACROSS THE PAY RANGE

(as of 5 April 2021)

The following charts show the overall balance of white and ethnic minority employees across the Group followed by the balance of these ethnicities throughout the four quartiles of the pay range from the highest to the lowest paid.

The biggest delta is in the upper pay quartiles where ethnic minorities are under-represented by just over 6%. Ethnic minority employees are also more likely to work in lower-paid roles and make up a higher proportion of the lower pay quartile.

Distribution of ethnicities across the pay range



BONUS DIFFERENCE BETWEEN WHITE AND ETHNIC MINORITY EMPLOYEES

(in 12 months preceding 5 April 2021)

These are the mean and median gaps between the bonuses paid to white and ethnic minority employees during the period 6 April 2020 to the 5 April 2021.

Ethnicity bonus gap	Percentage
Mean	46.7%
Median	41.0%

Given that most employees received no bonuses in March 2021 due to the impact of the pandemic on Group performance in 2020, the small sample sizes make it difficult to identify underlying structural causes of the differences.

PROPORTION OF WHITE AND ETHNIC MINORITY EMPLOYEES RECEIVING BONUSES

(in the 12 months preceding 5 April 2021)



Because no bonuses were paid to more than 2,000 employees in March 2021, these percentages for both groups are significantly lower than they would be in a regular year so it is difficult to draw meaningful conclusions from this data.

ONGOING ACTIONS TO ADDRESS OUR ETHNICITY PAY GAP

Our priority is to address the gap in our ethnicity data and to encourage all employees to share their ethnicity information. This will increase our confidence in the results we report and help us continue to address the structural issues that might be contributing to any pay gap. We know that creating an inclusive and fair culture encourages employees to share their ethnicity information. This is where the action area identified in our Inclusion and Diversity Strategy of 'creating more intentionally inclusive workplace' will be fundamental in enabling progress.

In March last year we became the first construction company to become signatory of the Confederation of Business Industry (CBI) Change the Race Ratio, a campaign to increase racial and ethnic participation in British business, and which commits us to increasing representation at the most senior level of our business. We remain determined to lead the change we would like to see in our sector.

Our Reverse Mentoring Programme is now in its third cohort. This is an important programme through which senior leaders are mentored by colleagues from Black, Asian, Multi-Heritage or any other ethnic minority background. It encourages leaders to step out of their comfort zones and see the world from the perspective of a colleague who does not enjoy racial privilege in society.

Our employee network linked to Race and Ethnicity, gRace and Allies, helps embed the change further by helping raise cultural awareness. This year, for the second year in a row, the network published a cultural calendar which provides our site and office-based colleagues with an opportunity to come together and celebrate various religious and cultural festivals.

STATUTORY UK GENDER PAY GAPS DISCLOSURES



In line with legislation, we have published the figures (see below) for each of our three employing entities: SES (Engineering Services) Ltd, Wates Group Services Ltd, and Wates Property Services Ltd.

ACROSS OUR LEGAL ENTITIES

Government regulations require legal entities in the UK employing more than 250 people to publish gender pay gap data. Wates Group has three such entities.

EMPLOYER ENTITY - SES (ENGINEERING SERVICES) LTD

(at 5 April 2021)

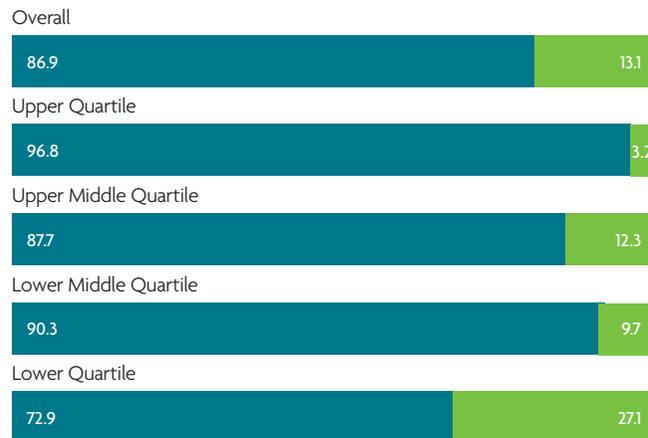
Pay and bonus difference between women and men

Gender pay gap	Pay	Bonus
Median	23.0%	-152.6%
Mean	31.8%	-32.7%

Proportion of employees receiving a bonus



Distribution of employees across the pay range



EMPLOYER ENTITY - WATES GROUP SERVICES LTD

(at 5 April 2021)

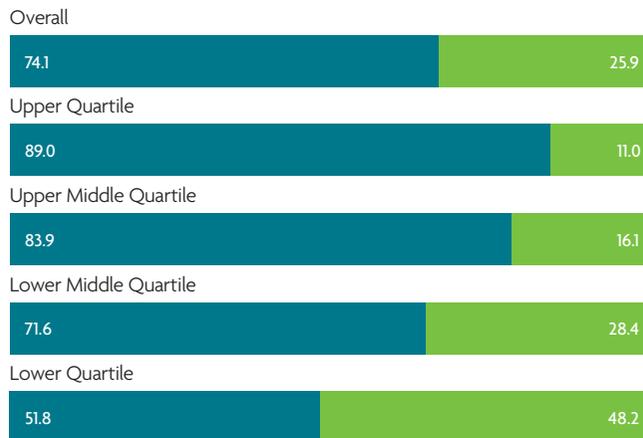
Pay and bonus difference between women and men

Gender pay gap	Pay	Bonus
Median	38.6%	48.8%
Mean	32.0%	50.9%

Proportion of employees receiving a bonus



Distribution of employees across the pay range



EMPLOYER ENTITY - WATES PROPERTY SERVICES LTD

(at 5 April 2021)

Pay and bonus difference between women and men

Gender pay gap	Pay	Bonus
Median	11.2%	-13.9%
Mean	11.9%	-30.5%

Proportion of employees receiving a bonus



Distribution of employees across the pay range

