

WATES TOGETHER

Wates

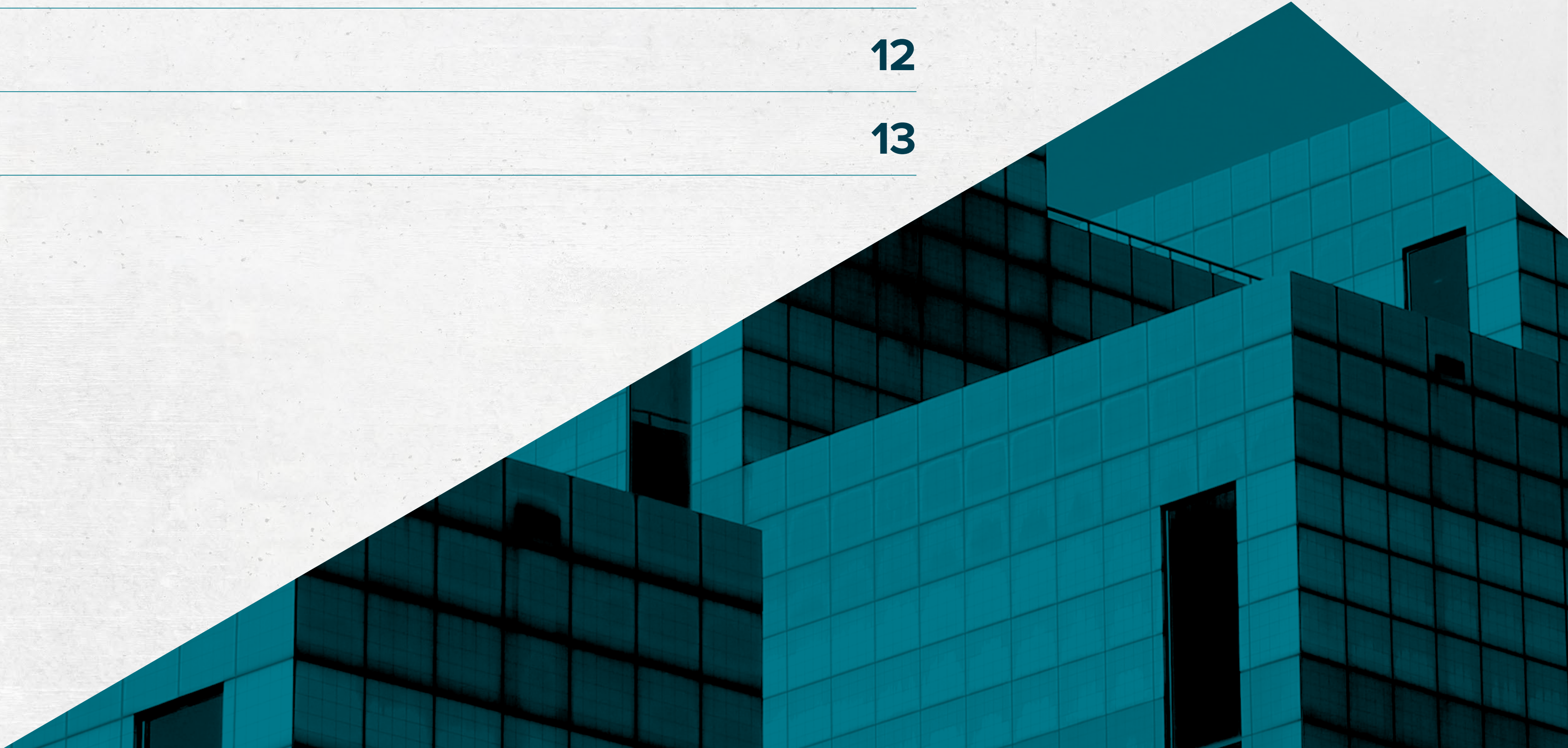
Annual report: our Inclusion and Diversity journey



March 2023

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NEVER UNDERESTIMATE THE IMPACT THAT WE CAN HAVE ON OTHERS

As our 126-year history demonstrates, we've come a long way as a business. The progress we've made over the decades – and the success we've earned – is a result of the hard work of everyone who has been part of this journey. When we pull together as a team, we achieve great things.

In 2019 we announced our ambition to be the most inclusive organisation; to be an organisation where everyone could feel at home and be their best. And I knew that this was only possible through the power of coming together as a team and working towards this change. This is why our inclusion and diversity strategy is called #WatesTogether.

So, what have we done in the last three years? Actually, a lot. We have updated key policies like family leave, introduced wellbeing support, like Peppy, for everyone. We've modernised our ways of working through initiatives like the 'One Simple Thing' and our Flexible Working Principles. We have improved the ways we attract and hire talent. We have come together to create colleague networks that offer a supportive community. And most importantly,

knowing that we need to know better to do better, we have invested in our learning, not letting the fear of getting it wrong hold us back.

It is great to see the strategy, the policies, and the initiatives show positive outcomes – but most of all I am proud to see our colleagues taking action every day, be it through mentoring new talent – or being mentored themselves, living an allyship commitment, or simply making a conscious effort to ensure all our colleagues feel included. These are the things that make a true difference – and that's what we are celebrating through this report.

Even as we celebrate, I know that the journey continues. There is so much to do – from improving diverse representation at more senior levels, to closing the pay gaps and ensuring that Wates is a welcoming environment for all of us, wherever we work. To do this, we'll continue to build on our individual inclusive actions and hold each other accountable for not just the 'what' but also the 'how'. After all, good performance must never mask bad practice.

I'd like to share something that a leadership coach once taught me: Never underestimate the impact that we as individuals can have on others. And this is what I would like to offer to you – think more often about how you show up and how that impacts the people around you. This allows our actions to be consciously inclusive and our teams to be happier and perform even better. Every small positive action we take, helps build a better tomorrow.

Let's create that better tomorrow together.

Paul Chandler (He/Him/His*)
Executive Managing Director,
Wates Construction Group and
Board sponsor of #WatesTogether

*To find out more about why
I share my pronouns, please
visit www.mypronouns.org



“
I am very proud
of the excellent
results we have
accomplished
as a team since
the launch of the
#WatesTogether
strategy.”



ANOTHER YEAR, ANOTHER STEP IN THE RIGHT DIRECTION

We are becoming more representative of the communities we serve. In 2022, we attracted people from a wider range of backgrounds and career stages.

Of the 925 people
who joined us in 2022:

3%

from LGBTQ+
community

5%

people with
disabilities

19%

from Black, Asian,
Mixed and minoritised
ethnic backgrounds

36%

women

In 2022, we introduced two more demographic categories in our data collection: socio-economic background and those returning to work after a career break. Last year:

Returners

2%

of new starters were returning
to paid work following a period
(24 months+) away

Socio-Economic* (vs. the national benchmark)

93% vs 92.5%

are from lower socio-economic background

6% vs 7.5%

attended an independent or fee-paying school

22% vs 15%

were eligible for free school meals

*Based on the data declaration by new starters.
Excludes 'Not Known/Not Applicable/Prefer not to say' response.

Socio-Economic national benchmarks source:
Social Mobility Commission [guidance](#).



CLOSING IN ON OUR 2025 AMBITIONS

We're progressing towards becoming a business that better represents the communities we serve. But how close are we to meeting the 2025 targets we set in 2019?

FEMALE REPRESENTATION*

All

29% → 30% → 40%

2021 2022 2025 target

Senior Leadership Group (SLG)

21% → 24%

2021 2022

This is a significant milestone, as the representation moves from minimal to meaningful.

Looking back, since 2018, a 28% improvement in overall non-operative female representation and almost doubling of women (89% improvement) in SLG.

Engagement index

74% → 76%

2021 2022

MINORITISED ETHNICITIES REPRESENTATION*

All

13% → 14% → 20%

2021 2022 2025 target

SLG

6% → 8%

2021 2022

Steady improvement in representation of Black, Asian, Mixed and Other Ethnic Groups. In 2018, this representation was 10% for all non-operative and 2% at SLG.

Engagement index

67% → 73%

2021 2022

LGBTQ+ REPRESENTATION**

All

3% → 4% → 5%

2021 2022 2025 target

We are improving representation from Lesbian, Gay, Bisexual, Trans, Queer/Questioning communities. Our next key focus is on inclusion.

Engagement index

77% → 72%

2021 2022

DISABILITY REPRESENTATION**

All

3% → 4% 3%

2021 2022 2025 target

We're proud of being a Disability Confident Committed employer. We will continue to listen and act on colleague feedback to ensure we are a Disability Confident Leader organisation.

Engagement index

71% → 72%

2021 2022

The Engagement Index calculation is formed by the total number of positive responses divided by the total number of responses for the said population to the engagement questions.

*Current figures are correct as at December 2022 and are based on non-operative population.

**Self identification data from the latest Inpulse, our employee engagement survey.



EMBRACING INCREMENTAL CHANGE

Whether it’s our goal to improve talent diversity or making sure everyone feels like they belong at Wates, it’s crucial to be transparent both about where we are and the actions we are taking. We acknowledge that meaningful change takes time, and continued effort is necessary. This is especially evident in our pay gap reporting.

GENDER

This is our sixth 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 our organisation’s pay structure

The data presented here is a snapshot in time, specifically from 5 April 2022, as per the relevant legislation for the Wates Group (which includes all our colleagues). The data for our three employing entities can be found in the appendix section of this report.

The GPG 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. GPG 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.

Our GPG is driven by a higher proportion of men occupying senior and higher graded roles, which is an issue affecting many employers in the Built

Environment sector. Our focused effort to attract diverse talent and improved female representation at early and mid-career levels means we have seen an overall improvement in female representation. The mean difference has increased slightly but the better news is that the median figures continue to narrow. A promising trend is a slow but steady improvement in the proportion of women in the Upper and Upper middle pay quartile – the highest we have had since we started reporting.

GENDER PAY GAP

Median	29.2%
Mean	25.2%

GENDER BONUS GAP

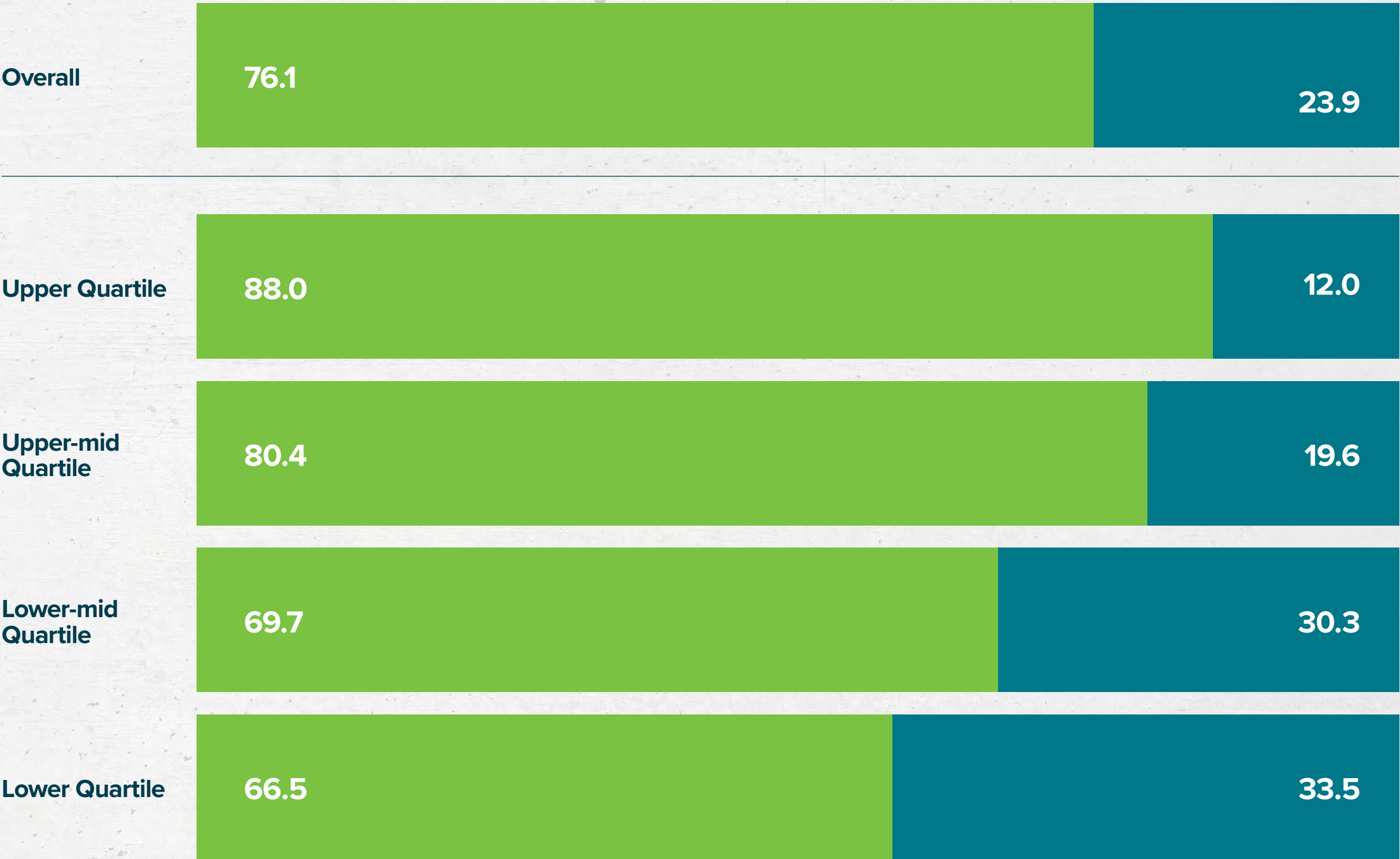
Median	64.9%
Mean	46.7%

BONUS PAYMENT RATIO

Men	57.3%
Women	66.6%

DISTRIBUTION OF EMPLOYEES ACROSS THE PAY RANGE

Male Female



I confirm that the data and information presented in this report is accurate and meets the requirements of the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017: Paul Rowan, Group HR Director, Wates Group.



LEADING WITH TRANSPARENCY

This is our second annual Ethnicity Pay Gap (EPG) Report. Last year we were one of the first organisations in our sector to publish this report voluntarily. We believe this is the right thing to do. It keeps us accountable for the progress we are determined to make toward inclusion and diversity.

ETHNICITY

As there is no legislative requirement to publish details of an EPG we have mirrored the format of the GPG Report for consistency in reporting parameters. For this report, we will be publishing figures for the overall Wates Group. As with our GPG, we have used the same 5 April 2022 snapshot date for our EPG and the previous 12 months for the ethnicity bonus gap.

Following the publication of our first report last year, we have focussed on improving the quality of our ethnicity data to improve the value of our pay gap results report. Hence last year we ran a ‘Self Id’ campaign, through which colleagues shared their data, helping close the data gap to less than 5%.

We are seeing an improvement in our ability to attract people from different ethnic backgrounds. In 2022, 19% of all non-operative new joiners were from Black, Asian, Mixed or other minoritised ethnic backgrounds. We are seeing this translate into better representation across the organisation, including SLG, where the representation improved from 6% in 2021 to 8% in 2022.

ETHNICITY PAY GAP

Median	30.0%
Mean	24.6%

ETHNICITY BONUS GAP

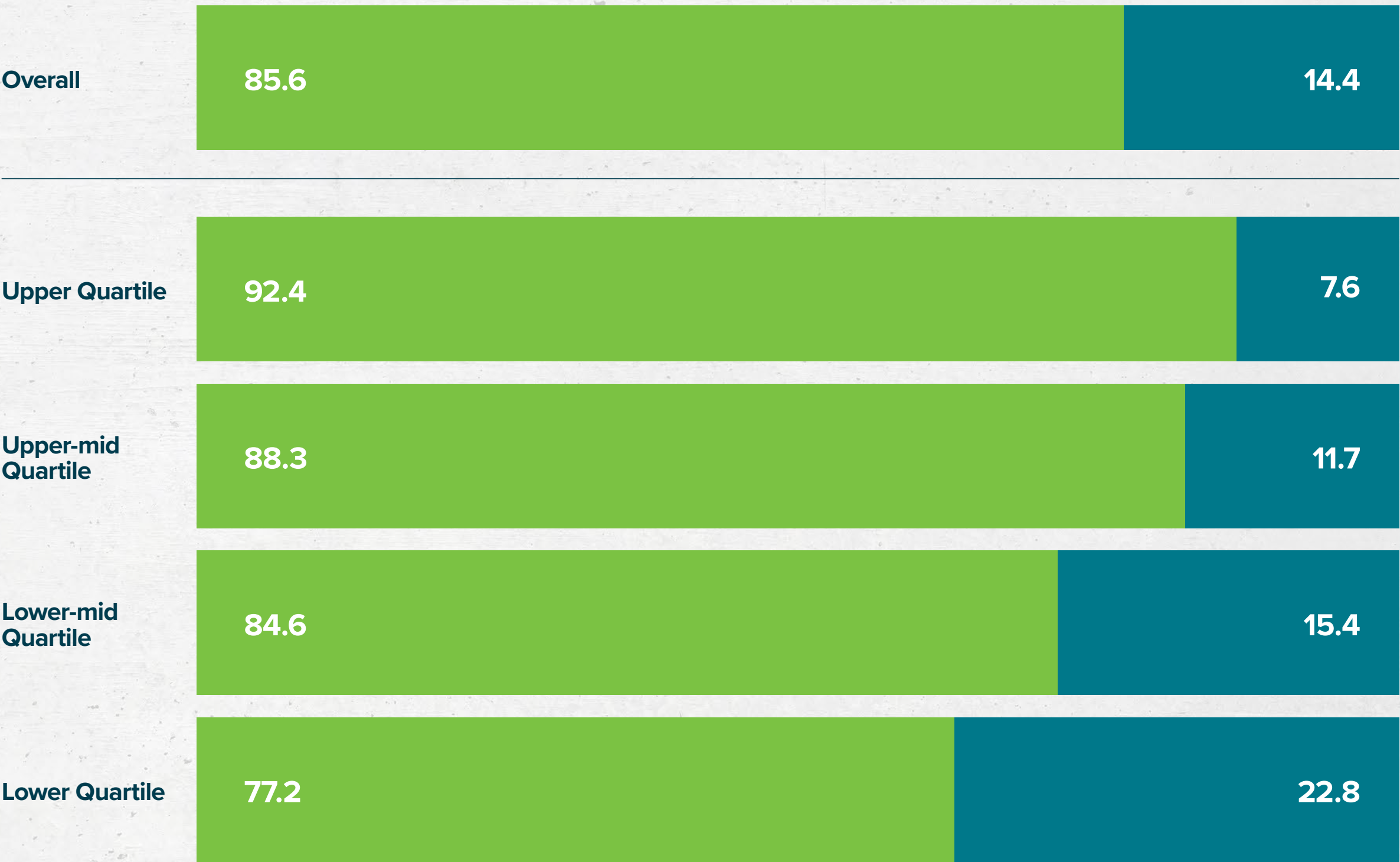
Median	55.8%
Mean	41.7%

BONUS PAYMENT RATIO

White	61.8%
Ethnic Minority	54.0%

DISTRIBUTION OF ETHNICITIES ACROSS THE PAY RANGE

White Ethnic minorities





TAKING OWNERSHIP OF OUR ACTIONS

For the pay gaps to close, we need diversity of representation throughout the organisation. We are enabling this through a variety of initiatives – from driving accountability on I&D by connecting variable pay to representation metrics, building meaningful connections through our mentoring schemes and encouraging allyship. Reaching out and establishing a genuine human connection is not just vital to our success – it’s also something everyone can and must do. We all have a role to play in closing the gap – and we all can benefit from it.

Linking variable pay to I&D metrics

Targets without accountability won’t drive progress. That is why we are connecting diversity targets to our employee bonuses scheme. This means that increasing the number of women at management and leadership levels will have the same weighting as improving safety within our variable pay arrangements.

Representation of women in senior leadership levels is also one of the three KPIs of a £90m sustainability linked loan that the Group secured in 2022.

This is the second biggest loan of its kind taken out by a UK construction company, and it speaks to our commitment and desire to hold ourselves accountable to the target of improving the gender diversity of our Senior Leadership Group.

Commitment to allyship

Our aim is to encourage colleagues to translate their awareness of workplace inequities into action and be an ally to those who need support or to challenge an unfair behaviour when they witness it. Last year, led by members of our Executive Committee and Group Board, **525** colleagues made an allyship commitment channelling their inclusive intent to action.

“My commitment is to leave loudly. With a family of four children, three still young, a wife registered disabled, I need to make time for personal commitments. Therefore, when I do need to leave for personal reasons I will let others around me know” – John Dunne, Group Safety Health Environment, Quality & Sustainability Director.

Ethnicity linked reverse mentoring

Our reverse mentoring programme is a part of our Anti Racism plan. Through this programme, leaders are paired with and mentored by colleagues from an under-represented ethnic backgrounds. Through 1:1 interactions leaders build a better understanding of their mentors’ lived experiences and learn more about systemic inequities. This knowledge helps leaders create a more equitable environment, one that has a positive impact on the overall sense of wellbeing, talent retention, career development and progression.

For mentors, this is an opportunity to further build their support network – both in the business and outside of it. So far, **52** pairs have taken part in the programme.

“The key insight for me is the difference between being not racist and being anti racist. I’m not a racist person. But on reflection I was not actively anti racist. So, for me, that’s how I need to challenge myself in the future. I will continue to ask myself, am I being not racist in this situation or am I actually being anti racist?”

– Andrew Charlton, Pre Construction Director, Construction.

Mentoring circles

In 2022 we launched ten Mentoring Circles, a pilot programme through which senior business leaders mentor a group of up to six women. This pilot was a key step towards creating more equitable access to career building opportunities and building more productive working relationships, both with peers and with senior leadership. It offered the mentees professional development opportunities and peer support. For the mentors, it was an opportunity to further build leadership and people development skills. The feedback from the pilot was very positive. Participants reported feeling happier, better connected, more confident and more positive about progressing their career having been part of the mentoring circles. Therefore in 2023, the programme is being extended across all our business units.

“The mentoring circles have made me feel seen, enabled me to learn from my fellow mentees and mentor and empowered me to trust my own judgment” – Lorraine Bennie, Estimator, Construction Group.





OPENING OUR DOORS TO EVERYONE

We know that our sector needs to attract talent from a wide variety of backgrounds. We also know that entering the sector can feel daunting. It's necessary to create new pathways into the industry – and make sure that everyone who wants to join us, can do it with ease. At Wates, we are setting up pioneering partnerships or collaborating in already existing schemes to open doors to opportunities for everyone.



Below are just a few of the key actions we're taking:

Women into Construction (WiC) partnership

The perceptions around Built Environment can create artificial entry barriers for women. That's why we launched a programme in collaboration with WiC that focuses on bringing 125 more women into the sector by 2025 by offering training and employment opportunities. The programme participants come from different backgrounds and career stages and we help them get ready for various roles – from project managers to surveyors. Our first cohort went live in 2022, with three more to follow over the next two years.

"I knew construction was male and white – and my friends told me that it would be difficult – that people wouldn't listen to me. That is not the truth. My placement was in Hayes and Harlington, and they were a wonderful, welcoming team."

– Danusha Gunawardena, Programme participant and now Apprentice Site Manager, Construction Group.

10,000 Black Interns

The 10,000 Black Interns programme was founded in 2020 to address the under-representation of Black graduate talent in corporate world. Last year we hosted seven interns and they experienced our sector first-hand. Two of these interns have now secured placement in our trainee scheme, and one individual, a full-time role within the Sustainability team.

Change 100

Change 100 is a flagship programme of Leonard Cheshire providing paid summer work placements, professional development and mentoring for students and graduates with disabilities or long-term health conditions. Participating in the programme allowed us to offer an opportunity to a talented person and invest in understanding how we can improve our accessibility and be an inclusive place to work for all.

Our positive experience with the programme has inspired us to reach out more broadly to disabled talent. That's why we've partnered with Evenbreak, UK's most accessible job board run by disabled people for disabled people, to showcase our available career opportunities.

STEM Returners programme

In 2022, we began a new partnership with the multi-award-winning STEM Returners to launch a returners programme to support STEM professionals going back to work after a career break. Through these fully paid placements which act as a 'returnship', talented STEM professionals can find their way back into the sector and restart their careers in an inclusive environment.

"There was a point when I started to feel that it was tough to get a suitable role after a career break. But with the help and connection of STEM returner I am now able to put forward my career. In my new role, I have started to gain insights of UK construction industry and the features of building services. Hopefully, I will pick up new skills along the way which will help me further advancement of my career." – Anwesha Gupta, Assistant Bid Manager (MEP), Construction Group.



CREATING A SENSE OF BELONGING

Being a part of a community is an important element of feeling safe and supported at a workplace. Our five **employee networks** play an invaluable role in making sure that no one feels excluded – especially those who are in a minority within Wates. Each network is sponsored by a member of the Group Executive Committee, responsible for growing the network, reaching out and driving action.

Our employee networks are:

BuildOUT TOGETHER

Executive Sponsor: Steve Beechey, Group Public Sector Director

Highlight: Continuing to raise awareness on LGBTQ+ inclusion through initiatives like participation in Birmingham Pride and marking key dates like Trans Awareness week.

PARENTS AND CARERS

Executive Sponsor: John Dunne, Group Safety Health Environment, Quality & Sustainability Director

Highlight: Partnering with other networks to offer parents practical support on issues like better mental health, supporting LGBTQ children when they come out and supporting children with exam revision.

DISABLED AND ALLIES

Executive Sponsor: David Morgan, Executive MD, Property Services

Highlight: Organising awareness sessions on neurodiversity to enable inclusion, accessibility and workplace adjustments and upskilling managers to create more equitable and inclusive environments.

WATES WOMEN AND ALLIES

Executive Sponsor: David Brocklebank, Executive MD, Developments

Highlight: Enabling equity by addressing key issues, be it supporting with Menopause awareness, challenging imposter syndrome or helping with professional development and skill building.

gRace AND ALLIES

Executive Sponsor: Helen Bunch, Executive MD, Residential

Highlight: Delivering initiatives like World Food Day, Black History Month and the monthly Film club, which have enabled a better understanding of different cultures and a more nuanced conversation around race.

“

Employee networks are genuinely one of the best things about working at Wates. I have learnt so much by attending the various events that have been put on by each of the networks. This has led to some amazing conversations not only in work but also outside of work where people have been shocked that a construction firm has this high level of opportunity to learn and get involved.

Nick Leigh, Management Accountant

Nick is also a member of the England team which won the first ever Physical Disability Rugby League World Cup in October 2022.



BUILDING EXTERNAL AWARENESS

Being a leader in our industry means we have an even greater responsibility to build sustainable, inclusive environments and serve the communities we exist in. We take that responsibility seriously. That's why we are proactive in creating a conversation around important topics like menopause and microaggressions.



Below are just two of the key actions we're taking to extend our work beyond our workplace:

Allyship research

Experiences of exclusion are more likely to be subtle, chipping away at one's sense of belonging. As part of 2022 Inclusion Month we commissioned a first of its kind study across the UK, polling 5000 people on their experience at work and the allyship support they have received from their colleagues.

The study found that while nearly seven out of ten people claimed to be an ally to their colleagues, the number of people taking practical steps was far lower – with only one in three speaking up when they saw discrimination against a colleague from a minority group.

UK-wide research like this highlights not only the importance of our inclusivity and allyship efforts at Wates, but also the need to lead a wider conversation beyond our walls.

Partnering with the Fawcett Society

As an industry which has a high share of mature workers, ensuring longevity of meaningful career is key to maintaining productivity. On hearing about the impact of menopause on our colleagues, we sought to learn more and sponsored the largest ever study on Menopause in the workplace by the Fawcett Society.

The study revealed a shocking lack of basic support for menopausal women or anybody else experiencing menopause symptoms in the workplace and the damaging stigma that's impacting their confidence. The report is the first step towards establishing some ground rules for how to treat menopausal experience in the workplace and connecting individuals and managers to further practical support like our Menopause handbook for colleagues and managers, the Peppy app, the Wates Flexible Working Principles.



WHERE WE GO FROM HERE

If I was looking back in terms of milestones, then last year was phenomenal. We were named among the Times Top 50 Employers for Gender Equality. Our family-first culture was recognized at the Working Families Awards, where we won in the 'Best for Fathers' and 'Best for All Families' categories. We were awarded gold accreditation from Investors in People. And we won the Diversity and Inclusion Excellence Award at the Construction News Awards where the judges found us *"head and shoulders above our contemporaries."*

This recognition is an outcome of our hard work over the last three years. With every process we review, each policy we improve and each programme we implement, we're laying a stronger foundation for a fairer tomorrow.

And we are becoming more representative of the communities we serve. The representation of women in the business improved by 28% in the last four years. This is a significant shift but crucially not a zero-sum game. We are growing as a business and there is more opportunity for everyone. And while our pay gaps still exist, in 2022 we saw the highest percentage of women in the upper and upper middle pay quartiles since we started reporting. Our data on new starters also shows that we're reaching people from all parts of society, and a wide range of socio-economic backgrounds and identity demographics.

In 2023 we will continue efforts to build a fairer organisation, one where everyone has access to opportunities to build a meaningful career and all talent can thrive.

How will we do this? By walking the talk on our 'We are fair' behaviour. By making sure we treat everyone fairly, fair pay and progression, and continuing to hire fairly. By constantly learning. By holding ourselves accountable for our actions – but not getting discouraged if we don't get it right the first time around.

The progress we've made last year would not be possible without the effort of each colleague in the business. Every time someone stands up and challenges inequity, it helps us to be the fairer organisation we aim to be and makes the world a better place for everyone.

And for that – thank you and let's keep going!

Nikunj Upadhyay (She/Her/Hers*)
Group Inclusion and Diversity Director

*To find out more about why
I share my pronouns, please
visit www.mypronouns.org



#WATES TOGETHER

We are a fair place to work. To ensure everyone has opportunity to thrive, our culture is founded on the following principles:

1

TREAT FAIRLY

Everyone treated with fairness and respect. When someone finds themselves not being treated fairly, they feel able to speak up, are listened to and any appropriate action is taken.

2

PAY AND PROGRESS FAIRLY

Everyone has fair access to development and progression opportunities to build a meaningful career of choice. There is equity in pay.

3

HIRE FAIRLY

We hire the best person for the job from a diverse pool of candidates. We actively challenge and ultimately eliminate perceptions that prevent any talent from joining the sector.



STATUTORY GENDER PAY GAPS DISCLOSURES

The legislation requires all legal entities in the UK employing more than 250 people to publish GPG data. Wates Group has three such entities: SES (Engineering Services) Ltd, Wates Group Services Ltd, and Wates Property Services Ltd. In line with legislation, the GPG figures for each are presented below:

Employer entity Wates Group Services LTD		
GENDER PAY GAP	PAY	BONUS
Median	36.5%	62.1%
Mean	32.3%	44.7%
CATEGORY	RELEVANT EMPLOYEES	FULL-PAY RELEVANT EMPLOYEES
Male	1,672	1,617
Female	667	623
Total	2,339	2,240
BONUS PAYMENT RATIO		
Male	81.8%	
Female	72.4%	
DISTRIBUTION OF EMPLOYEES ACROSS THE PAY RANGE		
	Male	Female
Overall	72.2%	27.8%
Upper	88.8%	11.2%
Upper middle	82.1%	17.9%
Lower middle	70.2%	29.8%
Lower	47.7%	52.3%

Employer entity Wates Property Services LTD		
GENDER PAY GAP	PAY	BONUS
Median	6.6%	13.8%
Mean	5.3%	-16.1%
CATEGORY	RELEVANT EMPLOYEES	FULL-PAY RELEVANT EMPLOYEES
Male	538	531
Female	144	144
Total	682	675
BONUS PAYMENT RATIO		
Male	26.0%	
Female	70.1%	
DISTRIBUTION OF EMPLOYEES ACROSS THE PAY RANGE		
	Male	Female
Overall	78.7%	21.3%
Upper	78.0%	22.0%
Upper middle	85.2%	14.8%
Lower middle	90.5%	9.5%
Lower	60.9%	39.1%

Employer entity SES (Engineering Services) LTD		
GENDER PAY GAP	PAY	BONUS
Median	20.7%	-57.2%
Mean	28.6%	20.2%
CATEGORY	RELEVANT EMPLOYEES	FULL-PAY RELEVANT EMPLOYEES
Male	582	558
Female	93	81
Total	675	639
BONUS PAYMENT RATIO		
Male	16.0%	
Female	19.4%	
DISTRIBUTION OF EMPLOYEES ACROSS THE PAY RANGE		
	Male	Female
Overall	87.3%	12.7%
Upper	95.0%	5.0%
Upper middle	90.0%	10.0%
Lower middle	89.4%	10.6%
Lower	75.0%	25.0%

I confirm that the data and information presented in this report is accurate and meets the requirements of the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017: Paul Rowan, Group HR Director, Wates Group.

INVESTORS IN PEOPLE®
We invest in people Gold



For more information, please contact inclusion@wates.co.uk

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