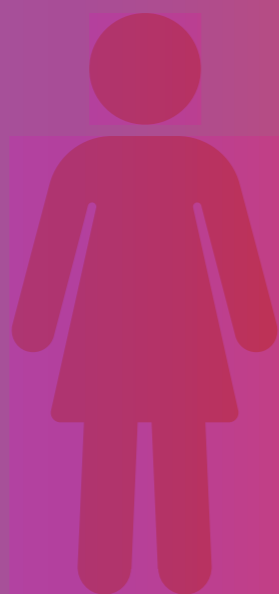




SGN
Your gas. Our network.

Gender pay gap report 2017



Introduction

The Gender Pay Regulations require us to report on the individual companies within our Group which have over 250 employees.

As well as providing this breakdown for the three companies within our group which have over 250 employees, we feel it's also helpful to provide information on our Group level figures which include all our employees.

We are committed to being open, transparent and accountable in our treatment of our employees and this extends to inclusion and diversity. Sharing our Gender Pay Gap report is an opportunity to show the positive work we're already doing in building a more diverse workforce and creating an inclusive culture. We value all our people encouraging everyone to do their best work.

We recognise however, we need to do more. While the gas industry has been around for over 200 years, traditionally its had a male dominated workforce. Even today, only 15% of our employees are female. Despite this starting point, we are totally committed to championing inclusion through attracting and retaining talented people, regardless of gender, and then supporting their on-going development and career progression.

Contents



At a glance...

Women's hourly rate is:

9.8%

lower (mean)

The mean gender pay gap is the difference in the average hourly rate of pay between men and women.

12.1%

lower (median)

The median gender pay gap is the difference in the median hourly rate of pay.

Quartile	% males	% females
Upper	85%	15%
Upper Middle	92%	8%
Lower Middle	91%	9%
Lower	74%	26%

Who received bonus pay:

93%
Men

88%
Women

Women's bonus pay is:

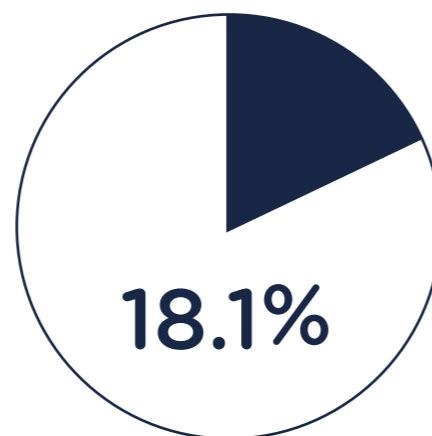
39.5%

lower (mean)

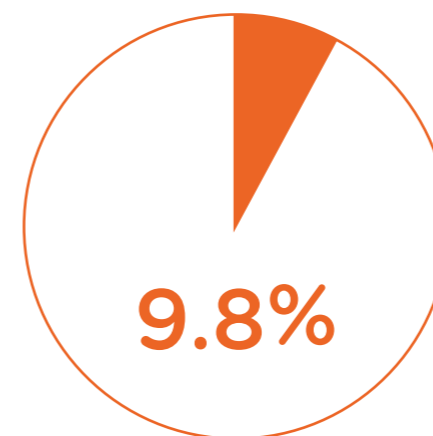
0%

lower (median)

National gender pay gap



SGN gender pay gap



What is gender pay reporting?

Gender pay reporting is a new legal requirement introduced by the UK government in 2018. All organisations with over 250 employees across England, Scotland and Wales are required to publish the gap in pay between their male and female employees.



Our gender pay gap

We fully support the UK government's aim of taking gender equality further by creating greater transparency and encouraging a more balanced representation of men and women at all levels within organisations.

Although our gender pay gap is below the national average, we still have a mean pay gap of 9.8%. The tables on the previous pages show the percentage of men and women working in each pay quartile¹ along with the associated mean² and median³ pay gap. As you can see, our organisation has a much higher number of male employees than women.

In the main, our gender pay gap comes from the high proportion of men we employ and, like in many companies, the dominance of men in the higher pay grades. In addition, women are unequally represented in the middle grades and we have higher representation of women in the lowest paid grades.

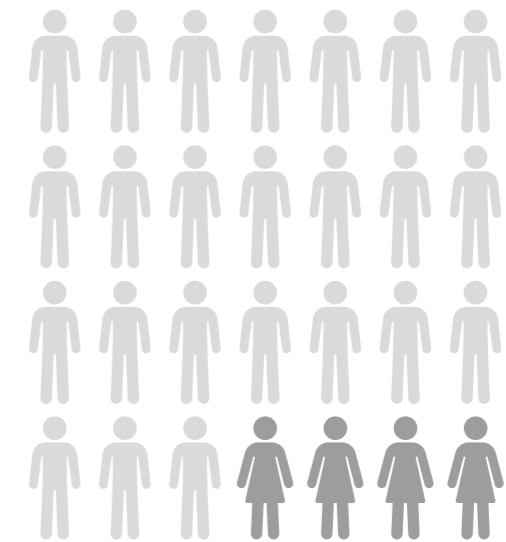
We're now taking active steps to attract a wider range of women into our business and ensure they are fairly represented throughout our organisation. We're also embedding inclusion into the way we recruit, looking in particular at the selection of the pools of candidates we see, so ultimately, we can select the best person for the job.

Within our most senior grade (top quartile) the proportion of men and women matches that of our overall company – 85% men and 15% women. We would however like to do better and have made encouraging progress over recent years in improving the proportion of women at leadership level.

Our bonus pay gap

At SGN most employees receive a gainshare (bonus) payment, which is the same amount for all employees in the relevant grades. This payment explains why our median percentage for this measure is zero as it compares the middle man and the middle woman's bonus. Our mean bonus gap is bigger and reflects market practice in mainly professional roles where bonus opportunities are greater. Again, as we have more senior men than women, our mean bonus figure is higher.

Although our gender pay gap is below the national average, we still have a mean pay gap of 9.8%



**Overall gender make-up
of our workforce: Men 85%
Women 15%**

A look at our industry

The energy sector's gender pay gap is generally better than the national average (18.1%), partly due to its highly transparent pay grades, with our own figures comparable with our industry peers. However, on a closer look, our industry is made up of different types of roles: admin (national pay gap 9.8% less for women) engineering technicians (10.8% less) and operatives (21.9% less).

In addition, some of these roles are heavily dominated by one gender or another – for example, nationally, women hold 65% of admin roles, whereas in the operational construction trades across the board, women only hold 2% of these jobs.





**Although it's a fact
some jobs are more
attractive to one
gender than another,
we can ensure we
make them accessible
to everyone.**

Kate Naylor
HR & Services Director

“We want to ensure no one is put off working at SGN because of perceived diversity or fairness issues. The ageing workforce in our sector means we face a skills gap over the next five to ten years. It's crucial therefore we widen our pool of candidates to include women at all levels and ensure we hang on to female talent.

We've started to make some positive changes, but accept change will take time.

We're also tackling the root causes of industry-wide gender imbalance by engaging in STEM programmes through partnerships with organisations such as Solutions for the Planet. This type of long-term partnership, encouraging girls to study engineering, is vital for the future of our industry.”

Improving our diversity

We face several people-related challenges over the next five to ten years, including an aging working population with around a quarter of our workforce due to retire, a skills gap and a lack of diversity. These are all issues which exist right across the energy sector.

To help us understand what needs further attention, we ran a **Diversity and Inclusion Audit** in October 2016. This identified recommendations on: interview processes and training, external recruitment, consistency of language and externally facing material, all of which we addressed over the following 12-18 months. To dig deeper into the recruitment findings, we also ran an inclusive **Recruitment Audit** in February 2017. It interrogated our recruitment process with a focus on increased inclusivity. Processes and documentation language were reviewed, candidates and hiring managers were surveyed and physical observations of assessment centres took place.

A number of improvements were made following both audits and these included:

- Inclusive recruitment training for hiring managers and assessors
- Use of gender neutral language on job adverts, removing any 'masculine' language
- Removal of disability and age-related wording in recruitment documentation
- Use of 'inclusion and diversity' focussed recruiters for executive appointments
- Targeted recruitment advertising using social media

We also reviewed the imagery used on our website, social media and external documentation, updating it to better reflect the diversity of our employees and customers. We offered continuing support of national campaigns such as International Women's Day and International Women in Engineering Day, by showcasing employee stories, stimulating conversations on gender diversity and inspiring people to take bold steps in improving their working lives.



Looking ahead – towards a culture of inclusion

We're committed to building a more diverse SGN and creating a culture of inclusion where everyone, regardless of difference, is valued.

We have aligned our inclusion and diversity initiatives to four inclusion pillars which will provide the foundations for our longer-term inclusion strategy. These are:

1. Attract and recruit top talent and a more diverse range of people

- Tailored messaging through multiple communications channels
- More inclusive recruitment practices and delivery of a great employee experience from hire to retire

2. Embed inclusion into everything we do

- Engage and involve more of our people and build specific employee networks to help shape initiatives

- Explore areas of potential for flexible and agile working

3. Empower leaders and managers to drive inclusion

- Educate and train managers and leaders on our inclusion and diversity values
- Embed inclusive behaviours into performance management

4. Measure impact and monitor success

- Capture diversity data, develop management information and a dashboard to identify barriers and actions
- Measure business benefit of inclusion and diversity

“We're proud to have put in place steps to become a much more inclusive and diverse employer, but there's no room for complacency and we recognise we need to do more. The challenge is there for us and with the will to succeed, we know we can bring about positive change. I want us to show real ambition in this area and become a true advocate both in our industry and beyond for diversity and inclusion.”

John Morea CEO

Report table

SGN business entity with 250 employees or more	Proportion of males and females in business entity	Mean hourly pay difference between male and female employees	Median hourly pay difference between male and female employees	Proportion of men/women in upper quartile pay band	Proportion of men/women in upper middle quartile pay band	Proportion of men/women in lower middle quartile pay band	Proportion of men/women in lower quartile pay band	Mean difference in bonus pay between male and female employees	Median difference in bonus pay between male and female employees	Proportion of men/women receiving bonus pay
SGN Group	Male 85% Female 15%	9.8%	12.1%	Male 85% Female 15%	Male 92% Female 8%	Male 91% Female 9%	Male 74% Female 26%	39.5%	0%	Male 93% Female 88%
Southern Gas Networks	Male 92% Female 8%	0.7%	-1.3%	Male 93% Female 7%	Male 90% Female 10%	Male 92% Female 8%	Male 94% Female 6%	-17.8%	0%	Male 100% Female 100%
Scotland Gas Networks	Male 91% Female 9%	4.2%	6.6%	Male 90% Female 10%	Male 96% Female 4%	Male 94% Female 6%	Male 87% Female 13%	-55.5%	0%	Male 100% Female 100%
SGN Contracting	Male 83% Female 17%	3.8%	5.7%	Male 83% Female 17%	Male 88% Female 12%	Male 89% Female 11%	Male 73% Female 27%	-30.5%	0%	Male 89% Female 85%

Notes

1 ¹Quartile

A quartile in the case of gender pay reporting is all employees and salaries in the company in a long list from the highest salary to the lowest, then split equally into quarters. The upper quartile being the top 25% highest earners, upper middle is the next 25% etc.

2 ²Mean

The mean and median are both types of average. For the purposes of gender pay reporting, the mean is all the male salaries added together and then divided by the number of men working in the organisation. You then do the same for female employees.

3 ³Median

The mean and median are both types of average. The median is the middle salary value when you have put them in value order from highest to lowest. For the purposes of gender pay reporting, the median is the middle salary when you line up all the male salaries in value order. You then do the same for female employees.

Sources: ONS: Annual Survey of Hours and Earnings, 2017.





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