

SGN

Your gas. Our network.

Gender pay gap report 2019





Introduction



At SGN, we've been on a journey. We've been building a strong foundation aligned to our commitment of creating a more diverse and inclusive environment. It's the third year that the UK will be reporting on the Gender Pay Gap and, while it's early days, it's going to take considerable time before the UK starts to see a significant difference. There are no quick wins in addressing legacy and historical practices that contribute to the pay gap and shifting gender representation in senior roles.

However, we're proud of the work we have done so far and continue to do, and how our colleagues at all levels have become advocates in developing a diverse and inclusive culture. We have seen the immediate impact of the new policies and practices but acknowledge that we have more work to do and we are pleased that the journey continues. This report showcases the fantastic initiatives we have already put in place, but also what we intend to do going forward.

Kate Naylor
HR & Services Director
March 2020



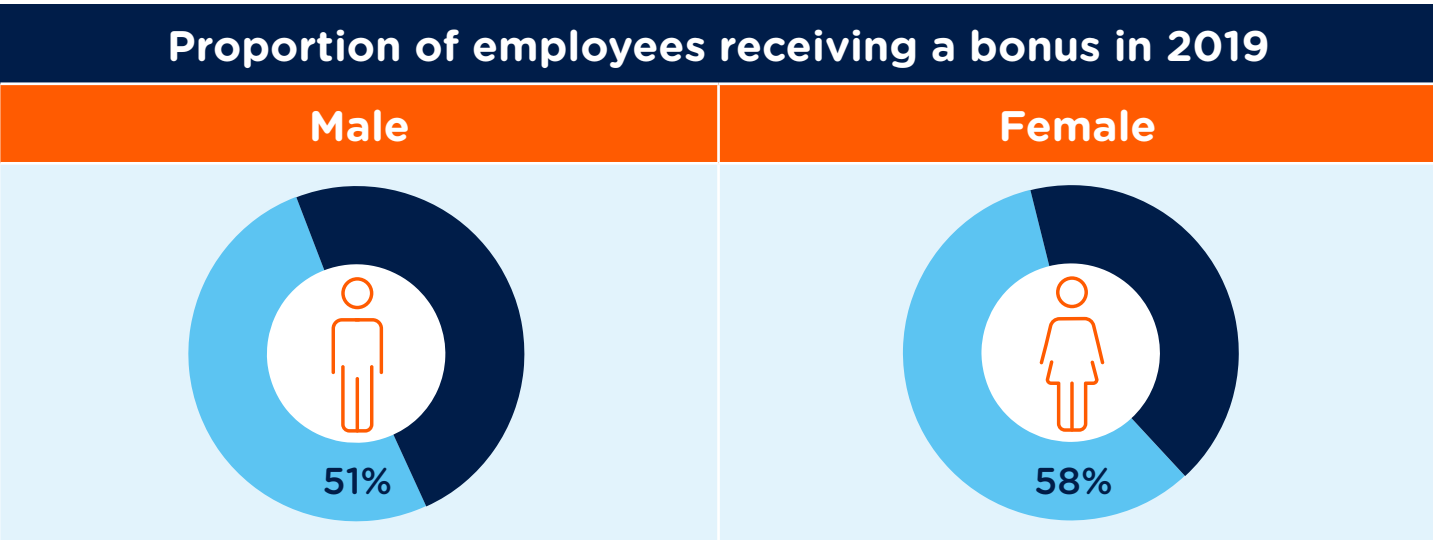
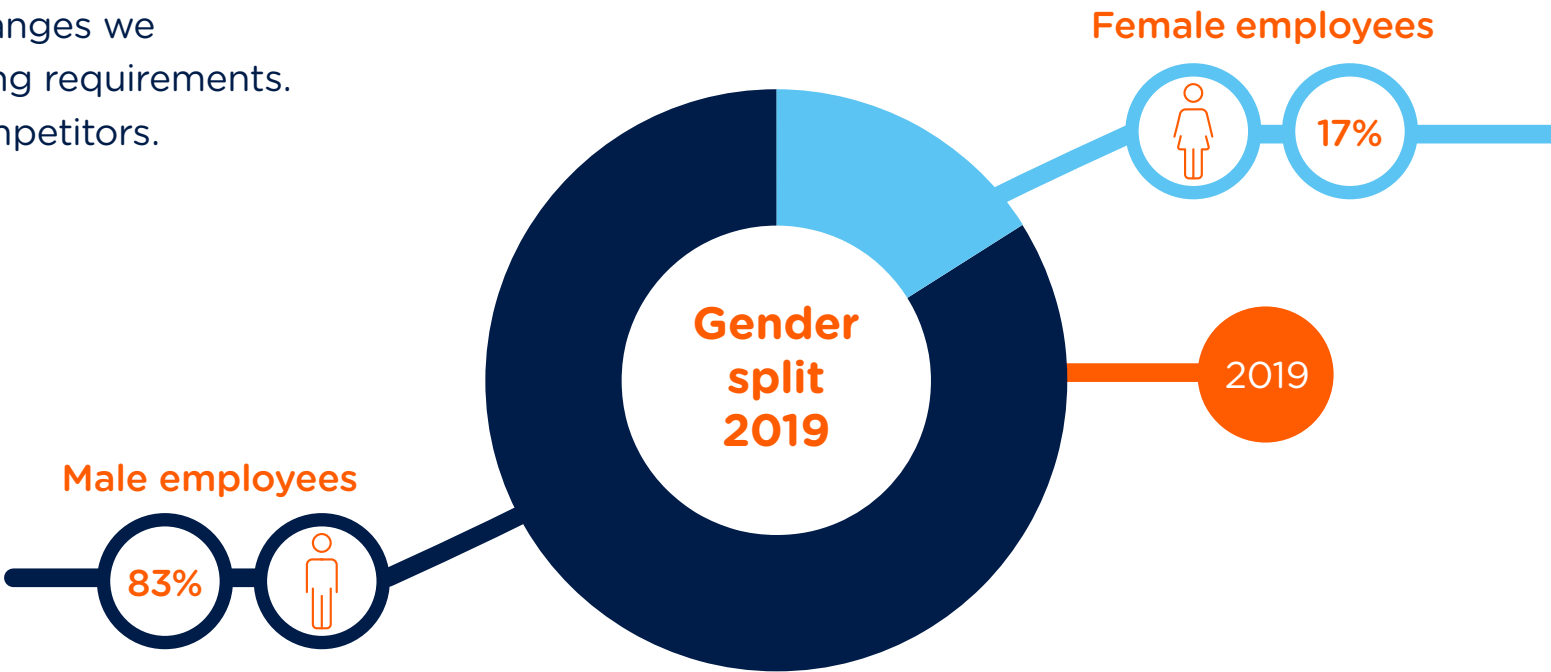


Our 2019 results at a glance

Under UK law, we're only required to report and publish on our three entities that had 250 or more employees as at 5 April 2019. As in previous years, for complete transparency, we will continue to provide a breakdown for these three companies within our Group and the Group level figures as of 5 April 2019.

The changes to our gender pay gap numbers are subtle this year due to various changes we undertook to our headcount and the number of employees that fell into the reporting requirements. The positive is that our pay gap is positioned more favourably compared to our competitors.

SGN Group mean and median pay and bonus gap						
	Mean			Median		
Year	2017	2018	2019	2017	2018	2019
Gender pay gap	9.8%	8.8%	9.1%	12.1%	13.6%	14.1%
Gender bonus gap	39.5%	19.5%	41.8%	0.0%	0.0%	62.1%



Proportion of men and women across the four pay quartiles						
Year	2017		2018		2019	
Quartile	Males	Females	Males	Females	Males	Females
Upper	85%	15%	86%	14%	85%	15%
Upper middle	92%	8%	89%	11%	90%	10%
Lower middle	91%	9%	88%	12%	88%	12%
Lower	74%	26%	73%	27%	71%	29%



A summary of the main changes to our results

Our Group mean gender pay gap for 2019 is 9.1% in favour of males and the median is 14.1%, both of which have increased slightly on last year. However, it still falls below the national mean gender pay gap of 13.1% and median pay gap of 17.3%.

While we are making progress with how we manage diversity and inclusion (D&I), there is a high number of male employees within SGN which is driving the gender pay gap, particularly at the middle and upper levels of the organisation. The good news is we're starting to see an improvement in the ratio of males to females in most quartiles. The mean bonus pay gap has increased slightly due to more males than females in senior roles. The median bonus pay gap has also increased this year but was driven by a small number of payments which fall within the definition of bonus under the regulations but don't reflect what is classed as bonus within SGN, such as recognition and long service awards. The tables on the previous pages show how this overall figure is distributed across the different quartiles of the organisation.

We understand this is a long-term journey and we have changed the way we are doing things – our senior leadership, the Board and our employees are committed to making a difference.





The positive steps we're taking

We have initiatives underway to attract and retain people from different backgrounds and perspectives, making SGN a great place to work. But we recognise there's still a way to go to having a truly inclusive workplace where everyone can thrive.

To achieve this over the next few years, we're keeping the focus on D&I with a clear strategy which will be informed by people data and be business-driven:

Proud to be



EDUCATE

To increase awareness and understanding of D&I and the value it brings

EMBED

To build D&I into business as usual at SGN

ENGAGE

Increase the engagement with, and discussion around, D&I





Levelling the playing field

We're committed to creating a more gender-balanced company and we're continuously looking at ways we can level the playing field for women interested in joining and progressing at SGN. We've introduced a number of women's development programmes to try to achieve this.

RISE Women's Development Programme

has been designed specifically for women and focuses on developing core skills such as improving confidence, managing conflict, networking, and developing leadership style. Following a successful pilot programme with 14 female colleagues in 2019, we're running two further intakes throughout 2020/21.



Operational Insights Programme

will kick off during 2020 and will give female colleagues the chance to job shadow and spend time with teams to gain an appreciation of the work that's involved in upgrading, repairing and maintaining our network, which could encourage more women into Operations.

Partnership with WORK180,

a global jobs platform for women, which focuses on both quality female candidates on one side, as well as employers who are genuinely committed to diversifying their workforce.





“We’ve received excellent feedback from the first RISE participants about how the course has given them the tools and techniques to help them achieve their full potential. We’re committed to investing in our people and are pleased to be able to run two further programmes again this year.”

Jim Reavey, Talent Manager

“Since joining SGN in 2017 I’ve been really impressed with the investment in my personal and professional development. Recently, I was invited to take part in the RISE programme which gave me the opportunity to develop my confidence, leadership skills and build a network of valuable business contacts.”

Louisa Fisher, Project Manager





Our D&I journey

We're proud to employ almost 4,000 people with a wide range of experiences, backgrounds and beliefs. SGN has begun to see an improvement in D&I since 2017 and will continue to make more progress on this in the coming years. Some of the initiatives so far have included:

D&I Partners Programme to ensure a business-driven approach

through the creation of a network of Partners. Our 12-month programme gives Partners a common understanding of D&I and the role played in re-enforcing it, understanding influences at play, supporting local delivery and how they help to shape D&I.

Recruitment improvements

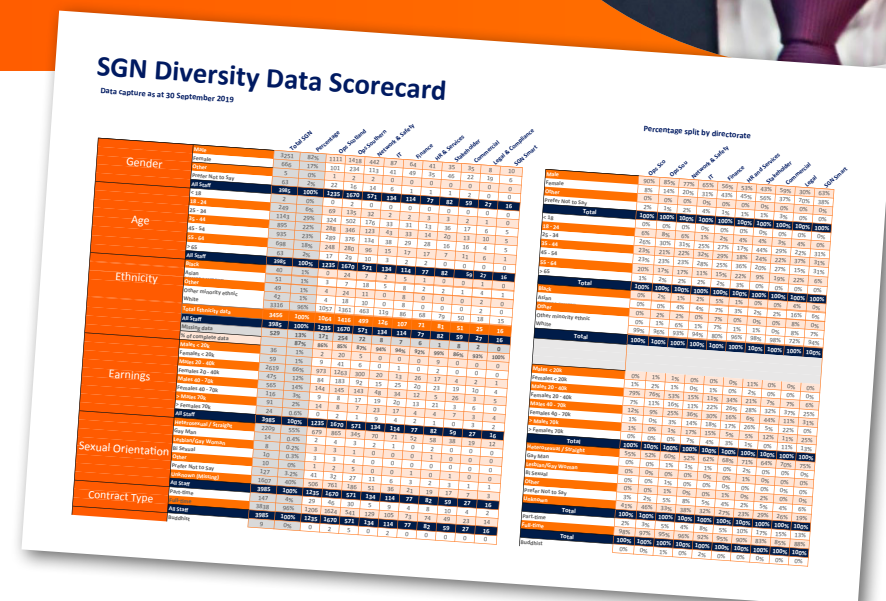
and providing more support for managers in recruitment, and challenging hiring decisions to create a more diverse shortlist of candidates. This includes best practice interview techniques, training to hire the best person for the job and providing feedback through recruitment coaching for hiring managers. This will be supported by the introduction of candidate experience surveys, which will help SGN to gain insight into the recruitment experience and support ongoing improvements.

Ensure business decisions are **informed by robust people data and employee insights**.

Improving our diversity data gives us a better understanding of the composition of our workforce. The data feeds into a quarterly diversity data scorecard, used for monitoring purposes and discussed at Executive meetings together with a D&I Insight report.

"I'm delighted to be a D&I Partner for my business area and I'm encouraged SGN is taking a business-driven approach to furthering it's D&I efforts. Having been in similar roles in other companies, I believe I can add valuable insight and knowledge."

Shuchi Nagar, Head of Architecture and Analytics







Looking ahead

Delivery of our D&I plan is well underway with several initiatives planned for 2020.

Building on the activities listed on the roadmap, these include:

- Development of our suite of **family-friendly guides** to support and inform employees and their managers. Following on from the introduction of a maternity guide, we'll be introducing guides for paternity, shared parental and adoption leave. We also plan to enhance parental provisions including increasing paternity pay and offering paid time off for expectant dads or partners to attend antenatal appointments.
- Introduction of **Leader Essentials**, a framework covering the essential commitments of leadership in SGN. Rollout includes a three-day programme aimed at understanding the role of a leader and the impact leadership has on people and business. Communicating and acting on the value of D&I is one of the six leader commitments.
- Creation of a **ways of working guide**, encouraging more of our people to think about how they can work differently using arrangements like staggered start/finish times, remote working, and condensed hours. The guide will showcase some of our success stories and best practice to embed a more flexible and agile culture.
- **Adoption of a differential focus for race**, as well as gender. Our starting point is to analyse data on black, Asian and minority ethnic people (BAME) for recruitment, progression and retention, together with employee research to better understand the experiences of our BAME colleagues. The insight gained from this research will inform our action plan.





Leading from the top

Demonstrating the importance of leadership commitment to D&I, CEO John Morea spoke passionately at the SGN Leadership Conference, which was attended by 80 senior leaders. The conference focused on preparedness for the next five-year regulatory price control (GD2) and John emphasised the need to get the best out of our people and attract a broad range of good people to enable diversity of thought.

Over the course of 2019, John took his leadership team on an immersive D&I journey, embracing the three pillars of the strategy. A series of initiatives to increase understanding and discussion of D&I included:

- a half-day workshop
- coaching sessions and webinars with a D&I specialist
- inclusive leadership 360 assessments.

Outputs from the above informed new D&I plans for each Director, developed in conjunction with D&I Partners. The D&I journey continues throughout 2020 and beyond.

“I want to be clear that D&I is a business priority for SGN, and as we continue into GD2, it’s not an HR ‘nice to have’ or a tick-box exercise but must be part of our underlying culture.

- 1. We need different perspectives, background and experiences to enable creativity and innovation**
- 2. We need all of our people to have their say and be encouraged to do their best**
- 3. And to better understand our customers, our workforce should reflect the diversity of our communities.”**

John Morea, CEO





Full results by Group 2019, by legal entity

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 bonus pay difference between male and female employees	Median bonus pay difference between male and female employees	Proportion of men/women receiving bonus pay
2019 full Group results, by legal entity										
SGN Group	Male 83 Female 17	9.1%	14.1%	Male 85 Female 15	Male 90 Female 10	Male 88 Female 12	Male 71 Female 29	41.8%	62.1%	51% of men 58% of women
Southern Gas Networks plc	Male 91 Female 9	1.5%	0.3%	Male 93 Female 7	Male 95 Female 5	Male 91 Female 9	Male 89 Female 11	-139.8%	-4.6%	99% of men 96% of women
Scotland Gas Networks plc	Male 91 Female 9	9.2%	8.4%	Male 92 Female 8	Male 94 Female 6	Male 92 Female 8	Male 86 Female 14	-79.5%	-3.3%	99.7% of men 100% of women
SGN Contracting Ltd	Male 81 Female 19	3.3%	12.2%	Male 80 Female 20	Male 91 Female 9	Male 84 Female 16	Male 70 Female 30	-30.6%	-20.0%	33% of men 51% of women



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