



**SGN**

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# Diversity Pay Gap Report 2021-22

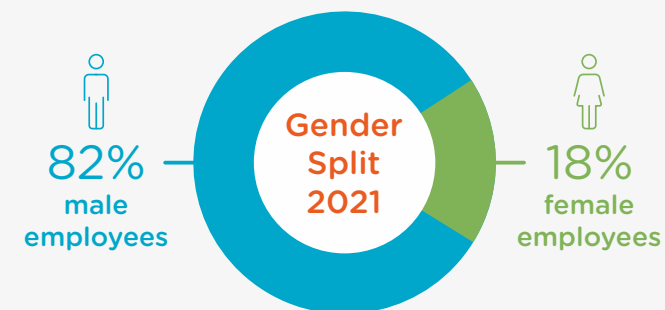




# Our 2021 Gender Pay Gap results at a glance

We are only required to report on the individual companies within our Group which have 250+ employees. On 5 April 2021, SGN in the UK employed nearly 4,000 people across several entities. Of these, three entities had 250 or more employees and are required to publish their gender pay gap data under UK law. As in previous years for complete transparency, we continue to provide a breakdown for these three companies within our Group and the Group level figures.

The gender pay gap change is subtle due to various changes to our headcount and the number of employees that fall into the reporting requirements. The positive is that our pay gap is positioned more favourably compared to our competitors. The median gender pay gap this year could have been particularly affected by the introduction of Stagger payments.



This is a 1% increase in the proportion of females (1% decrease in the proportion of males) compared to 2020

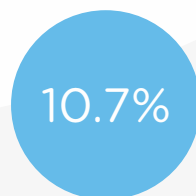
## SGN Group mean and median gender pay and bonus gap

Median gender pay gap



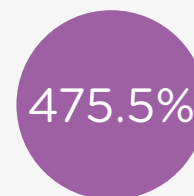
in favour of men, which is a **2.2% decrease** on last year

Mean gender pay gap



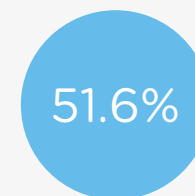
in favour of men, which is a **1% decrease** on last year

Median bonus gender pay gap



in favour of women which is a **557.1% increase** from last year

Mean bonus gender pay gap



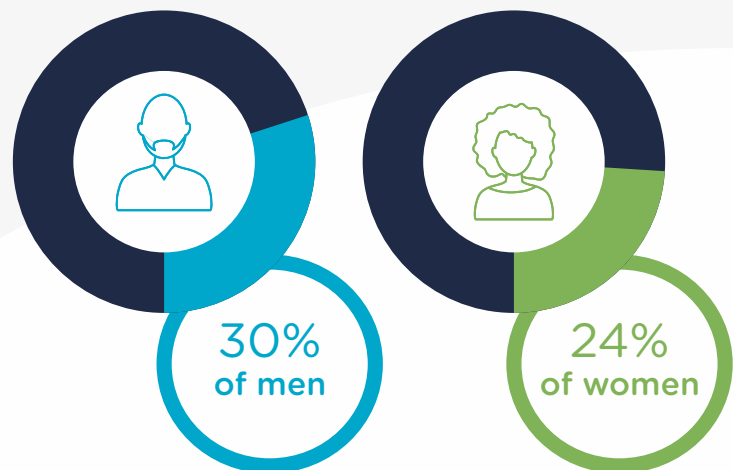
in favour of women, which is a **96.1% increase** on last year

### SGN Group mean & median pay & bonus gap

Year	Mean					Median				
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
Gender pay gap	9.8%	8.8%	9.1%	11.7%	10.7%	12.1%	13.6%	14.1%	17.8%	15.6%
Gender bonus gap	39.50%	19.5%	41.8%	44.5%	-51.6%	0.0%	0.0%	62.1%	81.6%	-475.5%



### Proportion of employees receiving a bonus in 2021



### Proportion of men and women across the four pay quartiles

Proportion of employees across the pay quartiles										
Year	2017		2018		2019		2020		2021	
Quartile	M	F	M	F	M	F	M	F	M	F
Upper	85%	15%	86%	14%	85%	15%	86%	14%	85%	15%
Upper middle	92%	8%	89%	11%	90%	10%	91%	9%	90%	10%
Lower middle	91%	9%	88%	12%	88%	12%	87%	13%	87%	13%
Lower	74%	26%	73%	27%	71%	29%	68%	32%	67%	33%

## A summary of the main changes to our results

Our Group’s mean gender pay gap for 2020 is 10.7% in favour of males and the median is 15.6% both of which have decreased slightly from last year.

The mean gender pay gap still is below the national mean gender pay gap of 14.9%. Conversely, our median pay gap is slightly above the national median pay gap of 15.4%.

These results show the impact of the steps we have taken as part of our diversity and inclusion policy in which we now see more females in roles that have traditionally been more dominated by males. This is an outcome of more successful recruitment and onboarding initiatives. While this is a step in the right direction, it has resulted in our pay gap widening, as we have increased the proportion of females within the lower pay quartile - but over time we will see these females progressing and moving through the levels.

The bonus pay gap has increased which is likely to be because of stopping the previous recognition scheme (SGN Way awards) in March last year, which was based on monetary awards. The tables on the previous pages show how this overall figure is distributed across the different quartiles of the organisation.

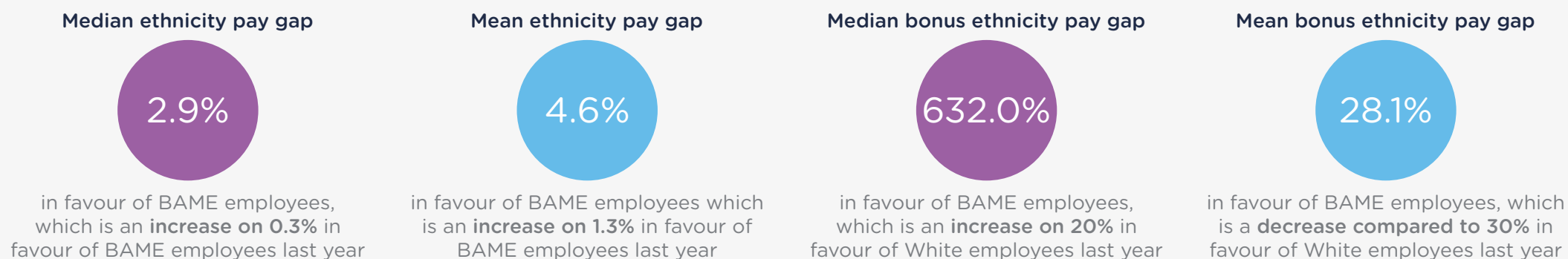
We need to keep focused on the long-term goal and while Covid has impacted progress in some areas, it has allowed us to fast track in others. With the continued support from our senior leadership, the Board, and our employees, **collectively** we are all committed to helping build an **inclusive** company, where everyone is **valued, respected** and encouraged to do their **best**.



# Our 2021 Ethnicity Pay Gap results at a glance

To further demonstrate our commitment to D&I, we have also calculated our Ethnicity pay this year. It is not yet a legal requirement, although it is widely anticipated that organisations with 250 employees or more will be required to report their Ethnicity Pay Gap. For completeness, the BAME category covers, Black, Asian, and Minority Ethnic employees, and the non-BAME category is predominantly White. But we wanted to be ahead of it, to understand what our ethnicity pay gap looks like, to share and publish the results and to provide total transparency.

## SGN Group mean and median ethnicity pay and bonus gap



## Proportion of employees receiving a bonus in 2021



## Proportions of white and BAME employees across the four pay quartiles

Proportion of employees across the pay quartiles				
Year	2020		2021	
Quartile	White	BAME	White	BAME
Upper	95%	5%	94%	6%
Upper middle	96%	4%	96%	4%
Lower middle	97%	3%	96%	4%
Lower	95%	5%	95%	5%



## A summary of the main changes to our results

The ethnicity pay gap reveals the difference in the average pay and bonuses between BAME and non-BAME employees across an organisation. While the regulations haven't been published, we can assume that the calculation will follow the same methodology as the gender pay gap reporting.

We are 12% off achieving 100% ethnicity declaration, therefore we have not been able to include what equates to around 500 employees of our workforce in the calculations. This gap could change our pay and bonus gap figures. While 86% that have declared gives us a good representation, for the next run of reporting our goal will be to run the calculations on 100% ethnicity declarations.

Our Group's mean ethnicity pay gap for 2021 is 4.6% and the median is 2.9% both in favour of BAME employees which is better than the median National ethnicity pay gap of 2.3% in favour of White employees. All four quartiles report a mean and median ethnicity pay gap of less than 3% which indicates pay equality between ethnic groups.

The ethnicity Bonus pay gap highlights that BAME employees receive mean bonus payments 28.1% higher on average than BAME employees. The median reports bonus pay gaps 632% higher also in favour of BAME employees. The proportion in receipt of a Bonus payment is 8% more White employees received bonus payments than BAME employees.

We do have a lower representation of BAME employees, ethnicity declared numbers show only 4% BAME compared to 84% categorised as White (12% undeclared) and we see a similar distribution of BAME across the four quartiles.

With 500 missing declarations, our ethnicity pay and bonus gaps will not show a complete picture and one of the reasons we have carried out calculations in advance of the compulsory regulation is to ensure that we understand the gaps, but this requires more disclosure and analysis.

Publishing our ethnicity pay gap data voluntarily and having complete transparency will, we hope, put us in good stead in both increasing our declaration rates and measuring the impact of our D&I strategy.





# Our commitment

SGN remains committed to diversity, inclusion and equality – we recognise it helps to attract and retain the best talent needed to meet the challenges ahead, and it drives innovation and creativity, supporting our growth ambitions and delivering value to customers and stakeholders.

In November 2021, we published our five year Diversity and Inclusion Ambition. Our D&I ambition sets out how we plan to build on the strong foundations already laid in GD1 to achieve greater diversity within our workforce and strengthen inclusion throughout our workplace in GD2.

Reflecting back on our D&I journey so far, there's lots to be proud of: from making enormous strides in the collection of our diversity data to developing a suite of policies, guides and resources, establishing valuable partnerships, achieving important accreditations and gaining the support and involvement of so many of our people.

However, we know there's still a lot of work to do.

“We’ve got ambitious plans for GD2 and if we want to **lead the way** in energy delivery, we need the right people to help us get there. Attracting and retaining **diverse talent** is critical to ensuring our continued **success**.”



**John Morea,**  
CEO of SGN

## As part of plans to build a more diverse workforce, we're committed to:

- Embed **inclusion** in our recruitment processes, including a requirement to have diverse interview panels
- Taking **targeted action** to address underrepresentation, such as our partnership with the Greater London Authority Workforce Integration Network Design Labs
- Delivering **targeted programmes** to support the development of underrepresented groups

We want our people to have the confidence to be themselves and give their best day after day. Our plans for building a more inclusive workplace include:

- Creating opportunities for colleagues to directly influence inclusion activity through a series of employee-led inclusion networks
- Adopting a zero-tolerance approach toward bullying and harassment, with a review of our bullying and harassment policy to ensure robust and appropriate sanctions
- Embracing flexible working and being more responsive to the needs of parents and carers
- Evaluating our employee lifecycle to identify opportunities for greater inclusion with an audit of processes to identify and eradicate bias hot spots

We'll also ensure leaders role model inclusive behaviours and adopt inclusive practices instinctively. We'll achieve this by:

- Ensuring Executive-level involvement and promotion of D&I, holding workshops with directors twice a year to review D&I data and actions
- Ensuring leaders are held accountable for advancing D&I by making sure leaders' objectives are aligned with and support the delivery of our D&I ambition
- Partner members of the Executive Committee with colleagues whose backgrounds, experiences and characteristics are different to theirs to promote diversity of thought in our 'different perspectives' programme




# 2021 full group results, 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
<b>2021 full group results, by legal entity</b>										
<b>SGN Group</b>	Male 82 Female 18	10.7%	15.6%	Male 85 Female 15	Male 90 Female 10	Male 87 Female 13	Male 67 Female 33	-51.6%	-475.5%	30% of men 24% of women
<b>Southern Gas Networks Plc</b>	Male 92 Female 8	1.0%	7.7%	Male 94 Female 6	Male 98 Female 2	Male 88 Female 12	Male 88 Female 12	-563.2%	-0.2%	100% of men 100% of women
<b>Scotland Gas Networks Plc</b>	Male 91 Female 9	7.8%	11.2%	Male 90 Female 10	Male 96 Female 4	Male 93 Female 7	Male 84 Female 16	-300.2%	-2.4%	99% of men 100% of women
<b>SGN Contracting Ltd</b>	Male 80 Female 20	7.5%	12.9%	Male 82 Female 18	Male 89 Female 11	Male 85 Female 15	Male 66 Female 34	20.2%	-11.2%	10% of men 13% of women



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