

SGN

2023/24 GENDER PAY GAP REPORTING & ANALYSIS

MARCH 2024

MARK MACOUN | REWARD CONSULTANT

4.20%

26.30%

46.15%

13.40%

2.95%

INNECTO
REWARD CONSULTING

OUR APPROACH PHASE IN SCOPE

FINDING THE HEADLINES

PHASE 1

The first part of the process is finding and understanding accurate figures. We run the numbers to get a broad outline overall profile against gender pay regulations.

Provide a comparison between year 4 headline figures against this year's analysis.

UNCOVERING THE RISK

PHASE 2

Further analysis of levels and role profiles will help you identify and resolve any risk and mitigate against legal claims.

LEADING THE WAY

PHASE 4

Build a straightforward narrative and action plan to ensure employees and internal and external stakeholders understand the pay position, and this demonstrates commitment to inclusion and fairness.

TAKING CONTROL

PHASE 3

Focus on practices to help ascertain what may be subtly driving male/female pay differences across all areas of the organisation, as distinct from the pay market and individual contribution. Includes a plan to reduce exposure.

FINDING THE HEADLINES

EXECUTIVE SUMMARY

The 2023 pay gap analysis reveals a narrowing across SGN Group and each entity under the median pay gaps. Whilst Scotland and Southern Gas Networks show an increase under the mean pay gap – this is driven by a small cohort of females under each entity which is susceptible to being skewed under the mean measure.

SGN's median pay gap registers the lowest gap since 2018, with the mean measure displaying the lowest since reporting began.

Whilst additional payments such as location allowance, Shift Premiums, and Standby Allowances contributed to males' larger payments, the consistent primary driver behind the pay gap is down to the distribution of gender throughout the organisation. Typically, around 60% or more female employees are found in the bottom half of the pay quartiles.

Comparing externally, in all cases, SGN's pay gaps are below the 2023 national figures of 13.2% mean and 14.3% median. Looking at the sector, which is recorded as Electrical, Gas, Steam And Air Conditioning Supply, SGN's pay gaps remain below the published 13.5% mean and 29.6% median.

With the reintroduction of recognition payments, we see whilst this has helped equalise the mean bonus gap, the median has risen to gaps observed in 2022. Operational Allowance bonus payments awarded to 47% of the male population compared to just 5% of females, weighted the bonus gaps in favour of males. Excluding these payments returns a median pay gap of 0%, in line with the gaps observed in 2017 & 2018.

Under the separate entities, whilst all ordinary pay gaps were in favour of males, the rate of pay for SGN Scotland and Southern is higher than SGN Contracting which is an underlying influence on the overall gender pay gap.

However, under the bonus gap Scotland registers gaps in favour of females, with Southern also registering a mean bonus pay gap in favour of females. However, both entities register a small cohort of females (20-34 females and are therefore susceptible to being skewed by small changes or large bonuses.

FINDING THE HEADLINES

KEY FINDINGS

SGN GROUP HAS A(N):

- Mean gender pay gap of 8.4% (in favour of males). A decrease of 2.5% compared to 2022.
- Median gender pay gap of 13.7% (in favour of males). A decrease of 2.5% compared to 2022.
- Mean bonus gender pay gap of 9.0% (in favour of males). A decrease of 8.8% compared to 2022.
- Median bonus gender pay gap of 95.4% (in favour of males). An increase of 63.9% compared to 2022.
- Female to male ratio of 19:81, which is the same proportional split compared to 2022.
- Increased proportion of males receiving a bonus from 49% in 2022 to 91% in 2023.
- Increased proportion of females receiving a bonus from 49% in 2022 to 87% in 2023.

SGN CONTRACTING HAS A(N):

- Mean gender pay gap of 5.8% (in favour of males). A decrease of 2.3% compared to 2022.
- Median gender pay gap of 11.3% (in favour of males). A decrease of 2.7% compared to 2022.
- Mean bonus gender pay gap of 18.3% (in favour of males). An increase of 8.5% compared to 2022.
- Median bonus gender pay gap of 91.7% (in favour of males). An increase of 241.7% compared to 2022 (in favour of females).
- Female to male ratio of 20:80, which is stable compared to 2022.
- Increased proportion of males receiving a bonus from 35% in 2022 to 89% in 2023.
- Increased proportion of females receiving a bonus from 43% in 2022 to 85% in 2023.

FINDING THE HEADLINES

KEY FINDINGS

SCOTLAND GAS NETWORKS HAS A(N):

- Mean gender pay gap of 8.8% (in favour of males), an increase of 6.8% compared to 2022.
- Median gender pay gap of 1.9% (in favour of males), a decrease of 1.5% compared to 2022.
- Mean bonus gender pay gap of 42.8% (in favour of males), an increase of 232.5% compared to 2022 (which was in favour of females)
- Median bonus gender pay gap of 9.0% (in favour of females), an increase of 0.8% compared to 2022.
- Female to male ratio of 10:90, which remains the same compared to 2022.
- Unchanged proportion of males receiving a bonus (99%).
- Unchanged proportion of females receiving a bonus (100%).

SOUTHERN GAS NETWORKS HAS A(N):

- Mean gender pay gap of 6.8% (in favour of males), an increase of 7.0% compared to 2022.
- Median gender pay gap of 6.0% (in favour of males), a decrease of 1.8% compared to 2022.
- Mean bonus gender pay gap of 25.3% (in favour of females), a decrease of 135.6% compared to 2022.
- Median bonus gender pay gap of 2.9% (in favour of males), a decrease of 11.8% compared to 2022.
- Female to male ratio of 9:91, which is unchanged from 2022.
- Increased proportion of males receiving a bonus from 99% in 2022 to 100% in 2023.
- Increased proportion of females receiving a bonus from 97% in 2022 to 100% in 2023.

SGN GROUP
GENDER PAY GAP
2022/23 ANALYSIS



SGN GROUP HEADLINE DASHBOARD

GENDER PAY GAP

YOUR GENDER PAY GAP

Headline figures comparing the basic hourly pay of all employees inclusive of cash payments and allowances

	MEAN	MEDIAN
YOUR GENDER PAY GAP 2023/24	8.4%	13.7%
Change	-2.5%	-2.5%
2022/23 Gap	10.9%	16.2%
NATIONAL PAY GAP *	13.2%	14.3%
Change	-0.7%	-0.6%
2022 Gap	13.9%	14.9%
POWER SUPPLY (Code D)*	13.5%	29.6%
Change	-1.6%	2.7%
2022 Gap	15.1%	26.9%
YOUR GENDER BONUS PAY GAP	9.0%	95.4%
Change	-8.8%	63.9%
2022/23 Gap	17.8%	31.5%

A minus indicates the gap is in favour of females

* Source ONS.gov.uk (Released 1st November 2022)

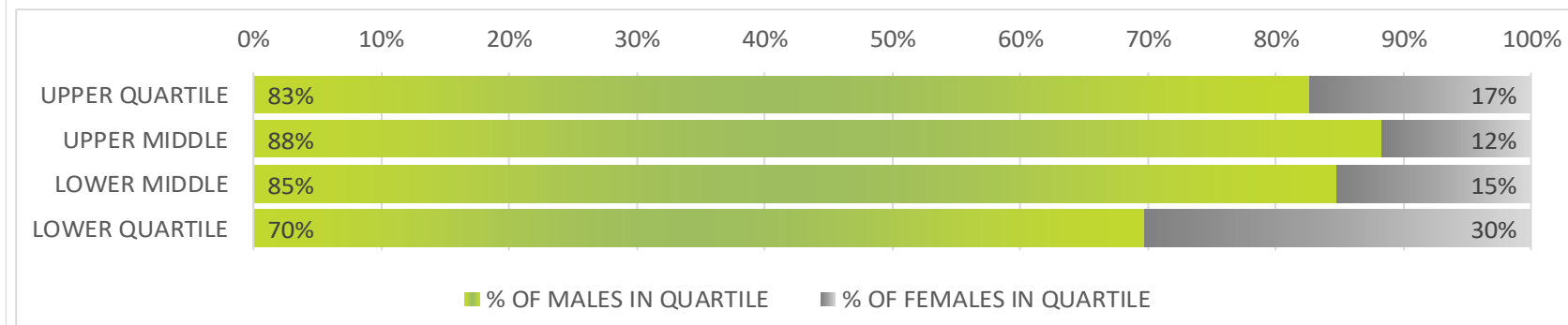
BONUS PAYMENTS

The proportion of men and women in receipt of a bonus



PAY QUANTILES

The proportion of male and female employees by quartile pay bands



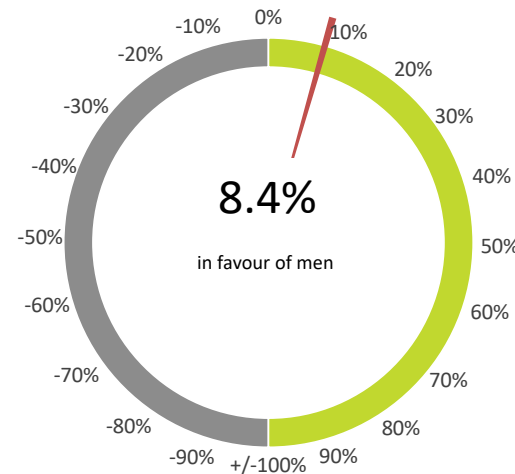
SGN GROUP

GENDER PAY GAP - HEADLINES

- The mean headline gender pay gap for SGN Group in 2023 was 8.4% in favour of males which is a decrease of 2.5% from the gap in 2022. This remains below the mean national gender pay gap figure of 13.2% which also saw a reduction of 0.7% from the previous year.
- SGN Group's median gender pay gap was 13.7% in favour of males, which was also a 2.5% decrease from the gap observed in 2022. This too is below the national median gender pay gap of 14.3%.
- Male representation continues to be the primary driver of the gender pay gap, with males accounting for 81% of the organisation with the lower quartile showing the lowest representation of men (70%) and largest for women (30%).
- Outside the gender distribution, additional payments such as location allowance, Shift Premiums, Standby Allowances and other additional payments contributed to males' larger payments. Excluding all allowances from pay results in a 2.8% mean and 5.0% median pay gap in favour of males.
- Additionally, bonus payments made in the reference period helped weight the pay gaps towards males, albeit with less of an impact compared to the allowances. Excluding bonus payments reduces the mean pay gap by 0.7% and the median by 1.8%.

YOUR MEAN GENDER PAY GAP

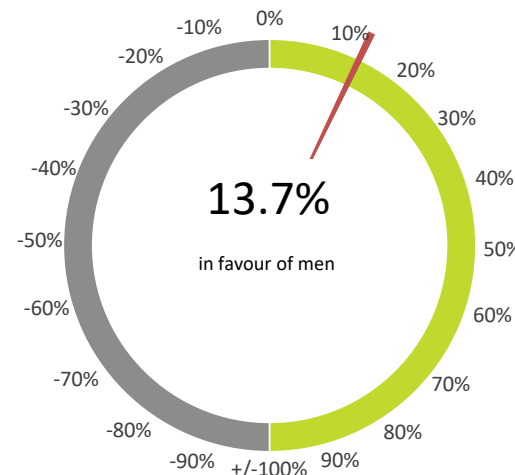
Your Mean Gender Pay Gap is:



Female Count	Male Count	Ratio	Female Hourly Pay	Male Hourly Pay	Pay Gap
769	3,349	19 : 81	£ 20.44	£ 22.31	8.4%

YOUR MEDIAN GENDER PAY GAP

Your Median Gender Pay Gap is:



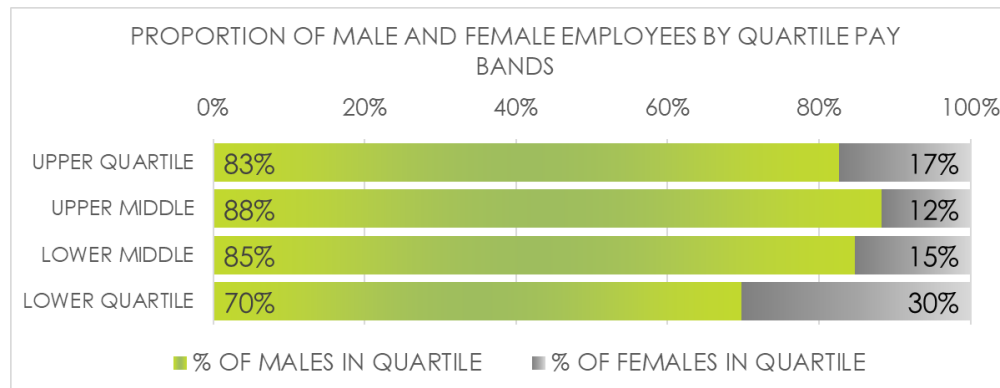
Female Count	Male Count	Ratio	Female Hourly Pay	Male Hourly Pay	Pay Gap
769	3,349	19 : 81	£ 17.96	£ 20.82	13.7%

The gender pay gap calculation compares the basic hourly pay of all employees inclusive of cash payments and allowances, allowing a direct comparison of part-time and full-time earners, paid in the relevant pay period.

The difference in the mean & median hourly rate of pay for male and female full-pay relevant employees.

SGN GROUP GENDER PAY GAP - QUARTILES

Under half of all female employees (41%) are in the Lower Quartile Pay Band, compared to a fifth of male employees (21%). This disparity in the distribution of males and females through the organisation is a primary driver for the headline gender pay gaps.



QUARTILE	COUNT OF RELEVANT MALES IN QUARTILE	% OF MALES IN QUARTILE	COUNT OF RELEVANT FEMALES IN QUARTILE	% OF FEMALES IN QUARTILE	MEAN GENDER PAY GAP WITHIN QUARTILE	MEDIAN GENDER PAY GAP WITHIN QUARTILE	% MALES OF ALL MALE EMPLOYEES	% FEMALES OF ALL FEMALE EMPLOYEES
UPPER QUARTILE	851	83%	179	17%	0.5% (M)	3.3% (M)	25%	23%
UPPER MIDDLE	908	88%	121	12%	-0.5% (F)	0.0% (M)	27%	16%
LOWER MIDDLE	872	85%	157	15%	1.5% (M)	3.0% (M)	26%	20%
LOWER QUARTILE	718	70%	312	30%	4.8% (M)	8.0% (M)	21%	41%

Continuing the theme from last year, there are no significant pay gaps in the top three pay quartiles, which is indicative of pay parity by level.

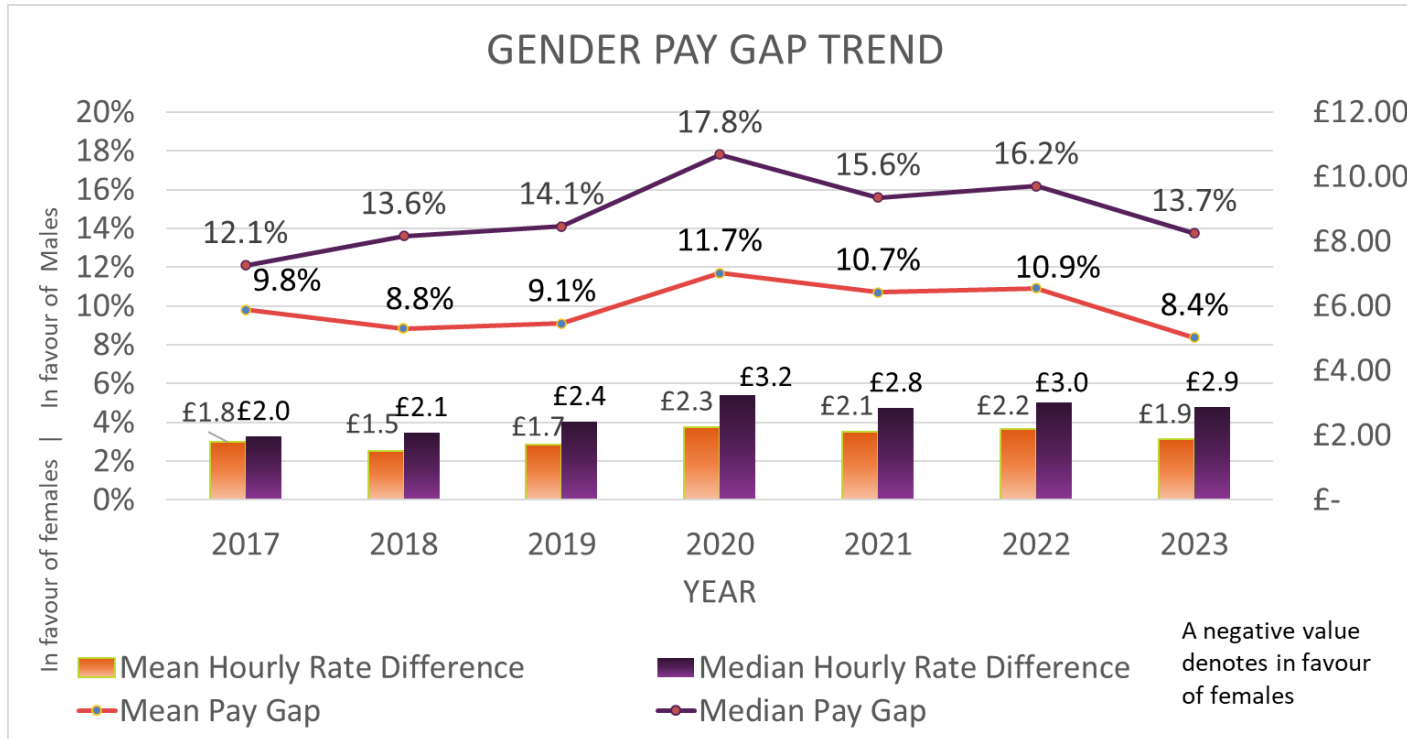
In the Lower Quartile, a pay gap of more than 5% can be found under the median in favour of males. This appears to be driven by males in this pay quartile being in roles which are much more likely to receive additional payments than females (44% in receipt vs. 16%).

This regulations require the employer to show the proportions of male and female full-pay relevant employees in four quartile pay bands, which is done by dividing the workforce into four equal parts. Employees are ranked from highest hourly rate to lowest hourly rate and then divided into four quartiles.

Each quartile therefore contains 25% of full-pay relevant employees, with the upper quartile encompassing the highest earning 25% of employees, and the lower quartile the lowest earning 25% of employees.

Comparing the results across a quartile will indicate the distribution of full-pay relevant male and female employees in the quartile; Comparing the results between the quartiles will indicate the distribution of full-pay relevant male and female employees across the organisation.

SGN GROUP GENDER PAY GAP MOVEMENT



A narrowing trend can be observed since 2020 with this year’s reporting showing the lowest mean pay gap.

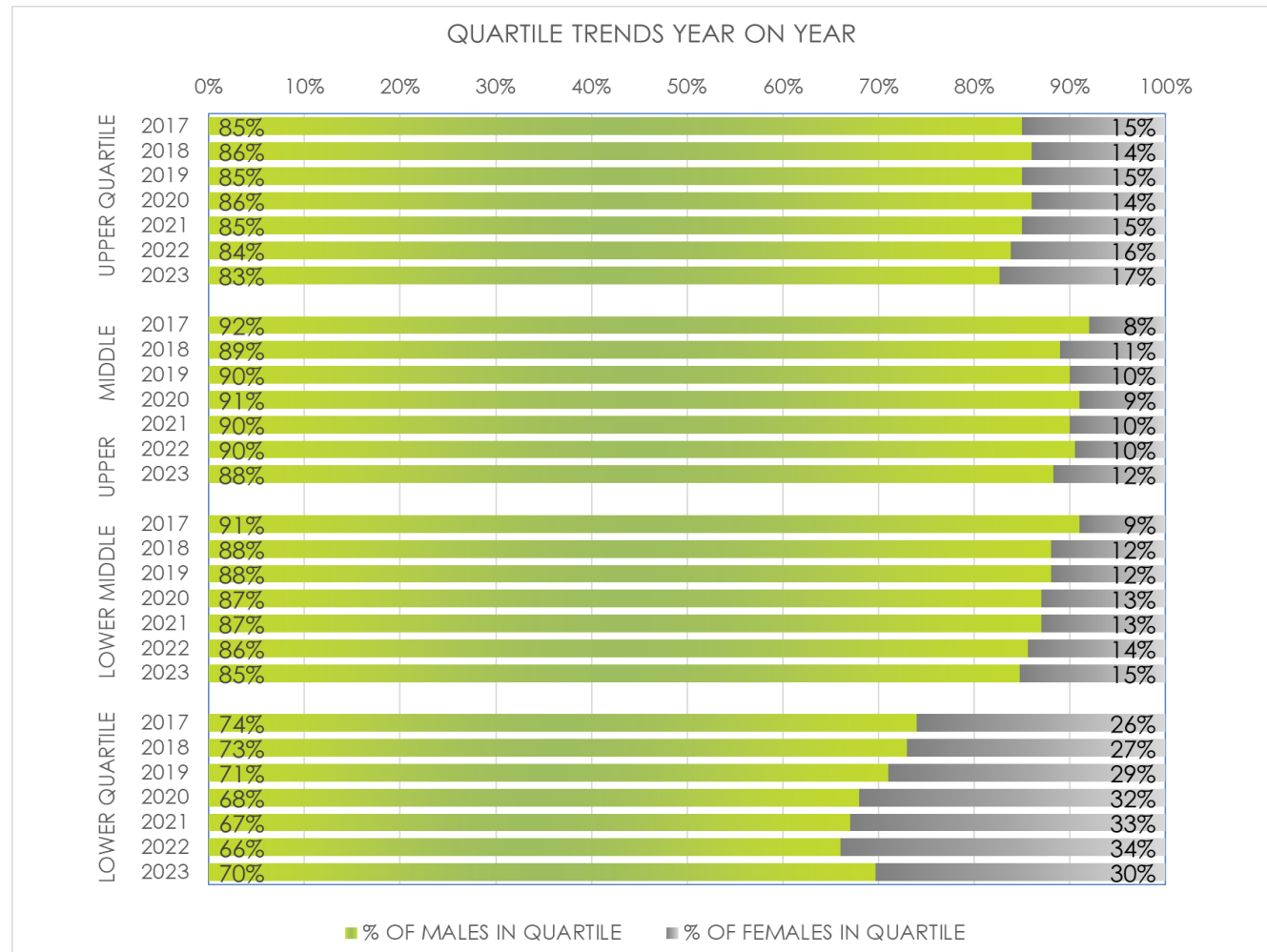
The narrowing of the gender pay gap since 2022 can be directly attributed to the quartile movement, whereby the largest proportional shift in genders can be seen at the lower quartile; with 4% more males. In contrast, females saw increased representation across the three remaining higher-paying quartiles.

This may be the result of the increased headcount, as compared to the 2022 pay gap, 457 more employees were included (366 males, 91 females).

Overall, this has the effect of slightly increasing the female employee pay, resulting in the reduction we see.

It is important to review the overall trend of your Gender Pay gap to understand the direction in which the gap is moving.

SGN GROUP QUARTILE MOVEMENT



- SGN continues to increase its headcount, particularly for females. Compared to last year, a 13% increased headcount for females can be observed compared to 12% for males.
- This is most apparent across the top 3 paying quartiles with increased female representation. Males on the other hand showed the largest increase at the lower quartile.
- However, the highest concentration of females at the lower quartile continues to be the main driver for the gender pay gaps and this is where the largest pay gaps in favour of males are found.

Previous year's results published by the government show that in the majority of organisations, there is a gender pay gap in favour of men. What quartile analysis highlights is that the gender pay gap is not the same across the whole organisation.

It demonstrates quite clearly that there are pockets where the gender pay gap exists.

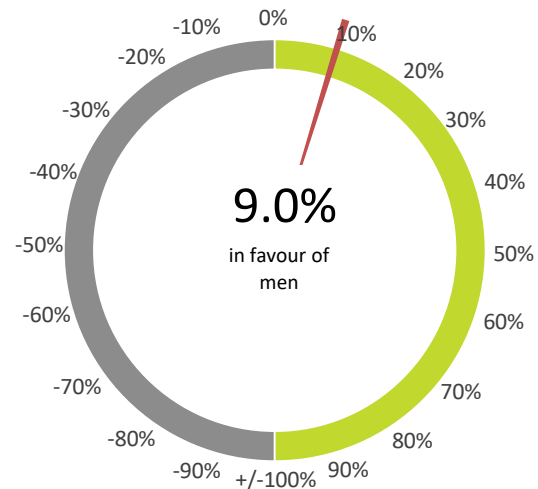
Knowing where the gender pay gap exists within the organisation creates a focus, so monitoring changes, both positive and negative, is important in closing a gender pay gap.

SGN GROUP GENDER BONUS GAP

- SGN Group’s mean bonus gender pay gap for 2023 was 9% in favour of males which is a reduction of 8.8% from last year.
- SGN Group’s median gender pay gap was 95.4% in favour of males which is an increase of 63.9% from 2022.
- The main drivers for the bonus gender pay gaps include:
 - Reintroduction of low value recognition payments meant a much higher proportion of employees received bonus pay – showing proportions in receipt of a bonus observed in 2018.
 - Operational Allowance payments accounted for the largest disparity as 47% of males received this bonus compared to just 5% of females. Additionally, males received 58% larger payments on average.
- Excluding the Operational allowance resulted in a median pay gap of 0% (as a result of the recognition payments), and returns a mean pay gap of 19.4% in favour of *females*.

YOUR MEAN GENDER BONUS GAP

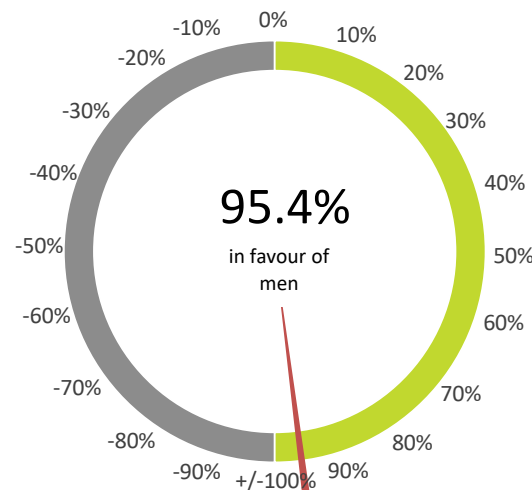
Your Mean Gender Bonus Gap is:



Female Count	Male Count	Ratio	Female	Male	Pay Gap
678	3,038	18 : 82	£ 1,419	£ 1,560	9.0%

YOUR MEDIAN GENDER BONUS GAP

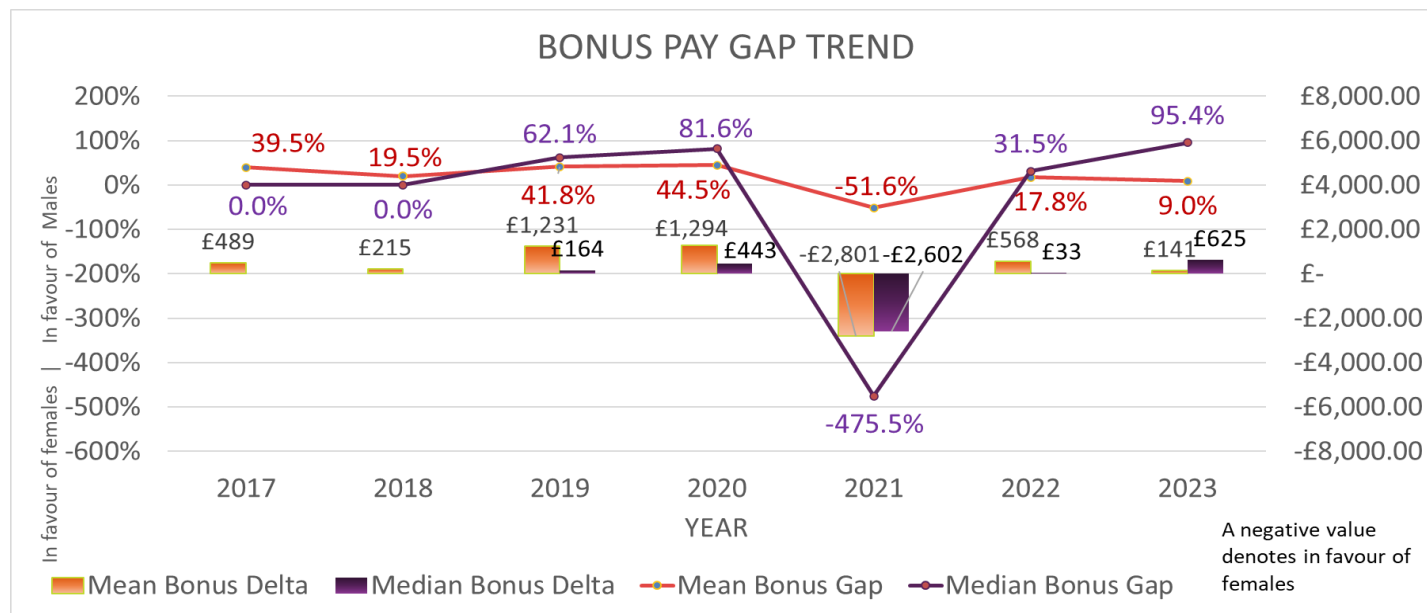
Your Median Gender Bonus Gap is:



Female Count	Male Count	Ratio	Female	Male	Pay Gap
678	3,038	18 : 82	£ 30	£ 655	95.4%

It is worth noting that the gender pay gap calculation uses a conversion to an hourly rate to eliminate differences in part time and full time employees, but, as the regulations state, the bonus gender pay gap calculation uses the actual bonus paid without a conversion to an hourly rate or pro-rated figure.

SGN GROUP BONUS GENDER PAY GAP MOVEMENT



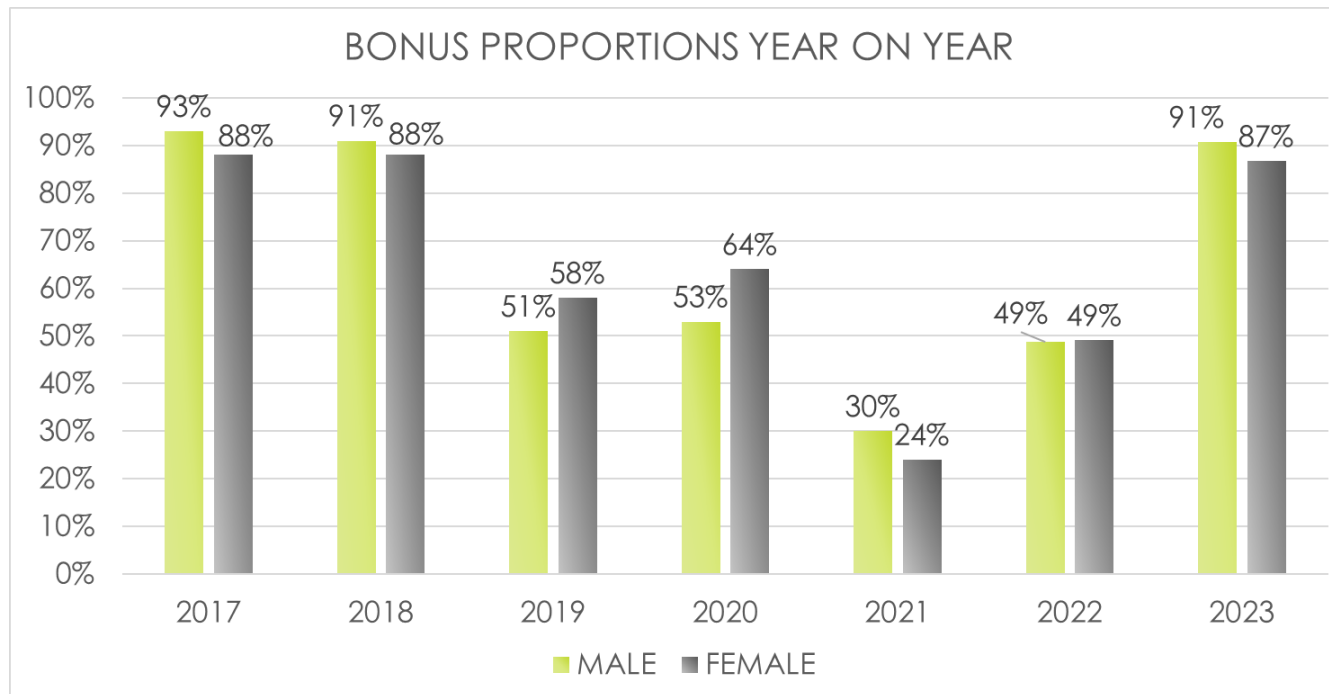
It is important to review the overall trend of your Gender Pay gap to understand the direction in which the gap is moving.

The bonus gender pay gap is hard to determine due to year-to-year variability and the influence of non-traditional bonuses like recognition and long-service awards. These smaller values can make variations appear extreme.

Whilst the median bonus gap increased significantly in favour of males, the mean pay gap reduced to the lowest observed gap since reporting started. The changes can be attributed to the following:

- Recognition payments meant a high proportion of employees received a bonus, showing proportions last observed in 2018.
- Whilst recognition payments helped equalise the bonus gaps, Operational allowances awarded to 47% of the male population compared to just 5% of females, weighted the bonus gaps in favour of males. Excluding these payments returns a median pay gap of 0%, in line with the gaps observed in 2017 & 2018.
- The lowest mean bonus gap can be attributed to the lack of large bonuses, particularly for males. Last year, 10 employees (80% male) received a bonus worth more than £100k vs. 2023 where only 6 employees (67% male) received one. In addition, the highest male bonus in 2022 was worth more than 4 times the value of the highest observed in 2023.

SGN GROUP GENDER BONUS PROPORTIONS



- 2023 saw a return to the bonus proportions of 2017 and 2018, after low proportions since 2019. The primary reason for the increased proportions reintroduction of recognition payments, which were awarded to 87% of the total population.
- More males received a bonus, showing a disparity from last year where an even proportion received one. However, this is likely due to the Operational allowances which were awarded to 47% of the male population versus 5% of the female population.

This test considers employees who have received a bonus payment, not to be confused with employees who are eligible for a bonus payment. A payment actually needs to have been received even if eligible for a bonus to be included.

SGN ENTITIES MANDATORY REPORTING 2022/23 AND ANALYSIS



SGN CONTRACTING HEADLINE DASHBOARD

GENDER PAY GAP

YOUR GENDER PAY GAP

Headline figures comparing the basic hourly pay of all employees inclusive of cash payments and allowances

	MEAN	MEDIAN
YOUR GENDER PAY GAP 2023/24	5.8%	11.3%
Change	-2.3%	-2.7%
2022/23 Gap	8.1%	14.0%
NATIONAL PAY GAP *	13.2%	14.3%
Change	-0.7%	-0.1%
2022 Gap	13.9%	14.4%
POWER SUPPLY (Code D)*	13.5%	29.6%
Change	-0.4%	14.7%
2022 Gap	13.9%	14.9%
YOUR GENDER BONUS PAY GAP	18.3%	91.7%
Change	8.5%	241.7%
2022/23 Gap	9.8%	-150.0%

A minus indicates the gap is in favour of females

* Source ONS.gov.uk (Released 1st November 2022)

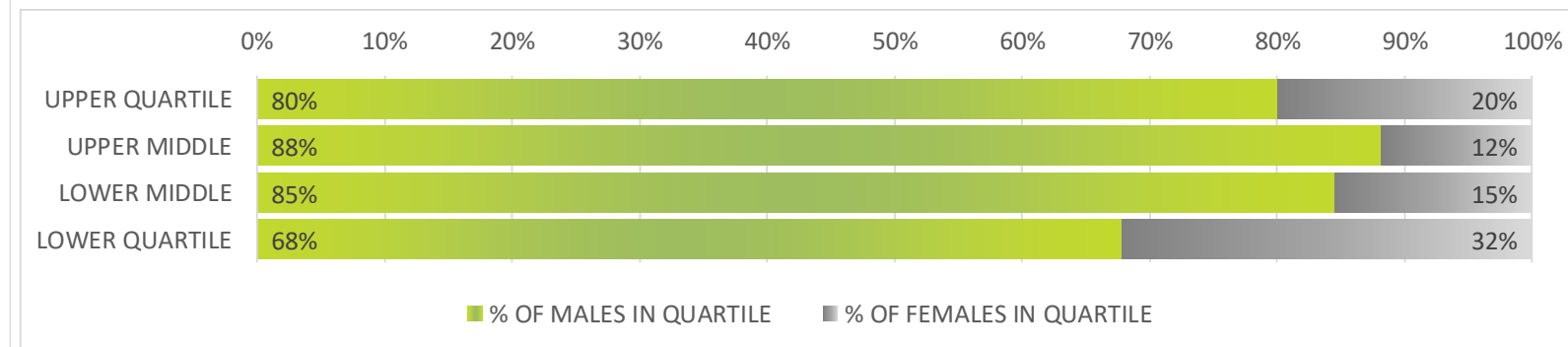
BONUS PAYMENTS

The proportion of men and women in receipt of a bonus



PAY QUANTILES

The proportion of male and female employees by quartile pay bands

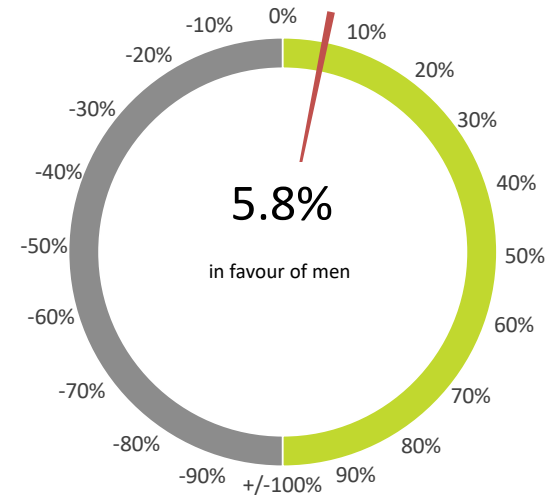


SGN CONTRACTING GENDER PAY GAP

- The mean gender pay gap for SGN Contracting in 2023 was 5.8% in favour of men which is a decrease of 2.3% from the previous year. This is also 2.6% below SGN’s overall pay gap.
- SGN Contracting’s median pay gap was 11.3%, which is also a decrease of 2.7% from last year. This is also below SGN’s overall median pay gap, as well as the national median gender pay gap.
- Key factors behind the gender pay gap include:
 - There has been a 5% increase in male representation in the lower pay quartile since 2022, which will lower the average overall male pay. This appears to be the primary cause of the gap narrowing this year.
 - 41% of all females at SGN contracting are found in the lowest pay quartile which is a major factor driving both the mean and median pay gaps.
 - Additional allowances continue to be weighted towards males, whereby excluding these payments results in a mean pay gap of 0.1% in favour of females and a median pay gap of 5.1% in favour of males.

YOUR MEAN GENDER PAY GAP

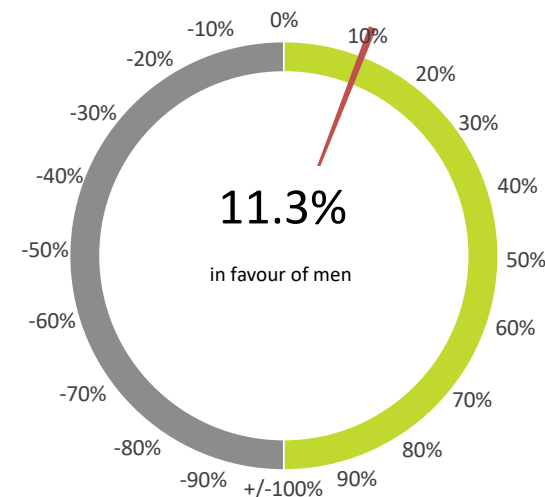
Your Mean Gender Pay Gap is:



Female Count	Male Count	Ratio	Female Hourly Pay	Male Hourly Pay	Pay Gap
693	2,798	20 : 80	£ 19.84	£ 21.07	5.8%

YOUR MEDIAN GENDER PAY GAP

Your Median Gender Pay Gap is:



Female Count	Male Count	Ratio	Female Hourly Pay	Male Hourly Pay	Pay Gap
693	2,798	20 : 80	£ 17.78	£ 20.05	11.3%

This is the data that supports the report that will be published on SGN’s own website and the Government website by 4th April 2021.

The gender pay gap calculation compares the basic hourly pay of all employees inclusive of cash payments and allowances, allowing a direct comparison of part-time and full-time earners, paid in the relevant pay period.

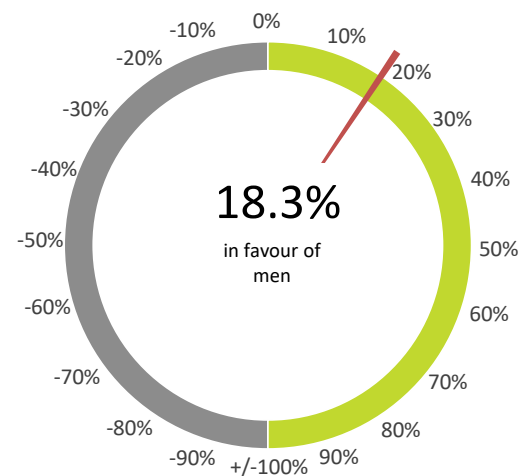
The difference in the mean & median hourly rate of pay for male and female full-pay relevant employees.

SGN CONTRACTING BONUS PAY GAP

- SGN Contracting’s mean bonus gap is 18.3% in favour of males, which is an increase of 8.5% from 2022.
- In contrast, the median bonus gap decreased significantly from 150% in favour of females in 2022, to 91.7% in favour of males.
- The main drivers for the bonus gender pay gaps include:
 - The frequency of the operational allowances, weighting the bonus gaps towards men. Removing these results in a 0% median bonus gap
 - By running the gap on annual bonus exclusively, returns a mean and median pay gap in favour of females suggesting the additional bonuses are skewing the bonus gap towards men.
 - For example, there were 2 retention payments awarded to males which were larger than any of the female bonuses across the board.

YOUR MEAN BONUS GENDER PAY GAP

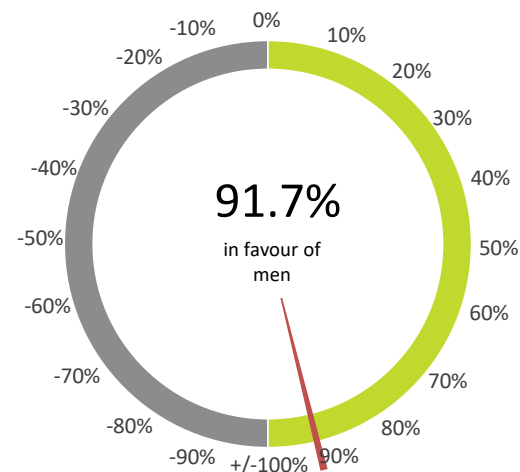
Your Mean Gender Bonus Gap is:



Female Count	Male Count	Ratio	Female	Male	Pay Gap
602	2,489	19 : 81	£ 858	£ 1,049	18.3%

YOUR MEDIAN BONUS GENDER PAY GAP

Your Median Gender Bonus Gap is:

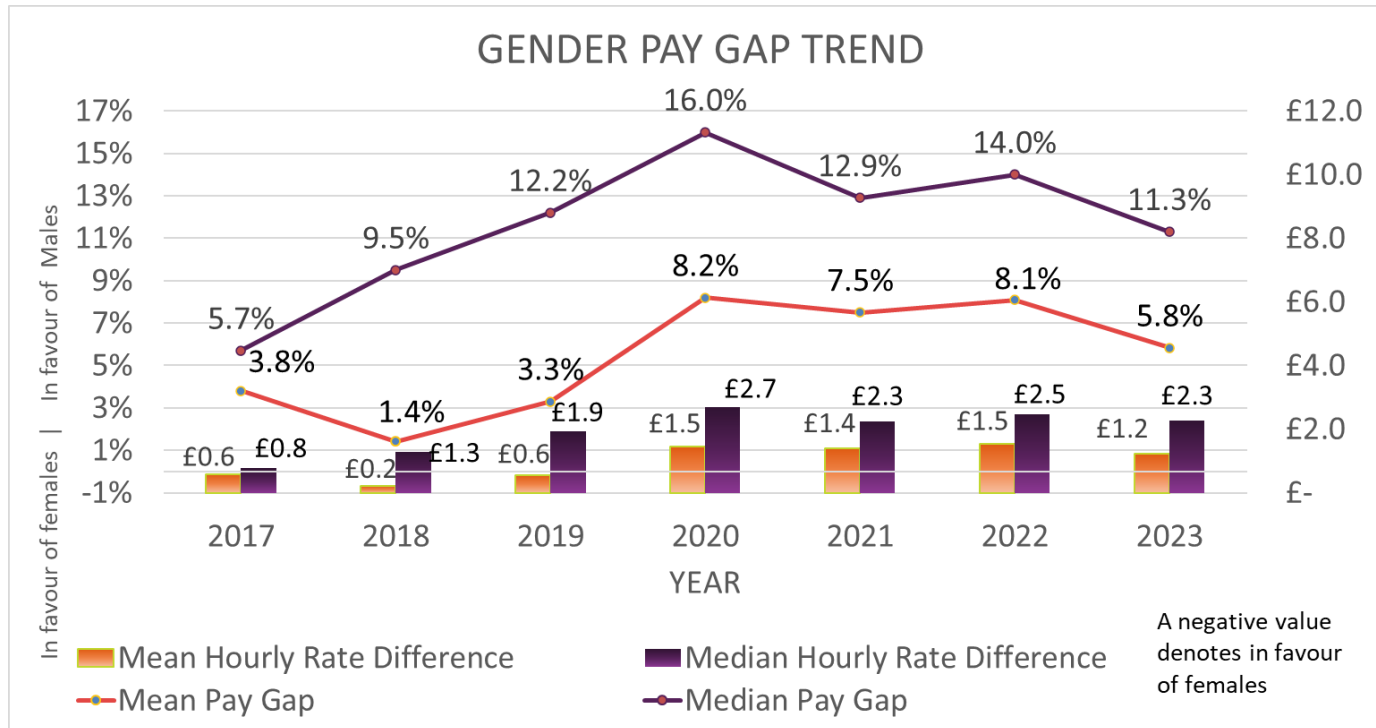


Female Count	Male Count	Ratio	Female	Male	Pay Gap
602	2,489	19 : 81	£ 30	£ 363	91.7%

It is worth noting that the gender pay gap calculation uses a conversion to an hourly rate to eliminate differences in part time and full time employees, but, as the regulations state, the bonus gender pay gap calculation uses the actual bonus paid without a conversion to an hourly rate or pro-rated figure.

SGN CONTRACTING

GENDER PAY GAP MOVEMENT

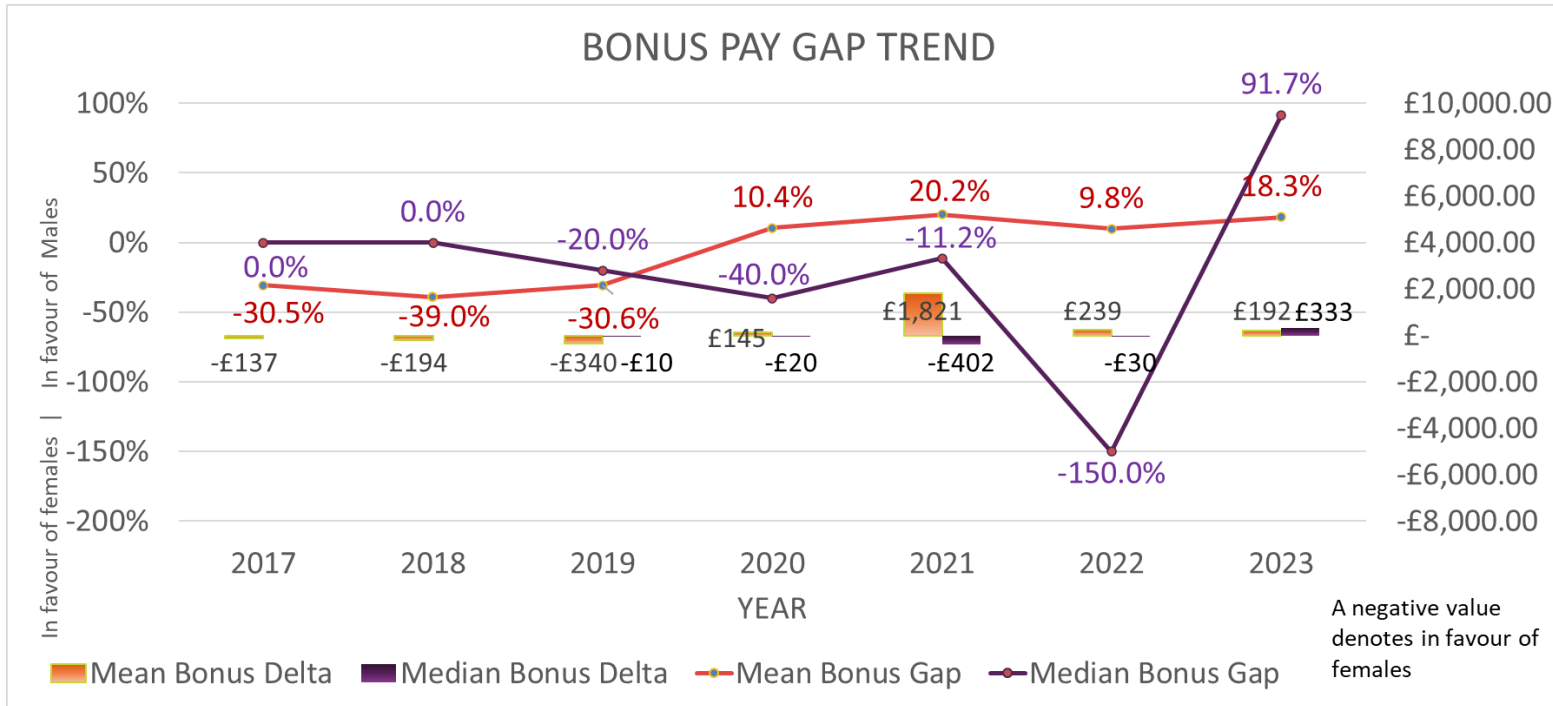


It is important to review the overall trend of your Gender Pay gap to understand the direction in which the gap is moving.

- Since 2020 both the mean and median pay gaps have shown a downward trend, returning to the pay gaps observed in 2019.
- The pay gap narrowing is due to the increase in male representation at the lower quartile (+5%). This appears to be driven by new hires as there were 445 more males included in this year's calculations compared to 94 females.
- Females also showed an increase in the upper middle (+1%) and upper quartiles (+1%) which has helped reduce the pay gaps.

SGN CONTRACTING

BONUS PAY GAP MOVEMENT



It is important to review the overall trend of your Gender Pay gap to understand the direction in which the gap is moving.

- Both the mean and median bonus gaps are in favour of males, bucking the trend of 2022 where the median bonus gap was in favour of females.
- This is likely a direct correlation to the reintroduction of the smaller recognition payments which has helped reduce the bonus gaps across the organisation, particularly under the median measure.
- Excluding the recognition payments returns a mean pay gap of 191% and a median of 424.9% in favour of females. Excluding these payments also shows that only 17% of females received a bonus outside the recognition bonuses compared to 64% of men.

SCOTLAND GAS NETWORKS PLC HEADLINE DASHBOARD

GENDER PAY GAP

YOUR GENDER PAY GAP

Headline figures comparing the basic hourly pay of all employees inclusive of cash payments and allowances

	MEAN	MEDIAN
YOUR GENDER PAY GAP 2023/24	8.8%	1.9%
Change	6.8%	-1.5%
2022/23 Gap	2.0%	3.4%
NATIONAL PAY GAP *	13.2%	14.3%
Change	-0.7%	-0.6%
2022 Gap	13.9%	14.9%
POWER SUPPLY (Code D)*	13.5%	29.6%
Change	-1.6%	2.7%
2022 Gap	15.1%	26.9%
YOUR GENDER BONUS PAY GAP	-42.8%	-9.0%
Change	232.5%	-0.8%
2022/23 Gap	-275.3%	-8.2%

A minus indicates the gap is in favour of females

* Source ONS.gov.uk (Released 1st November 2022)

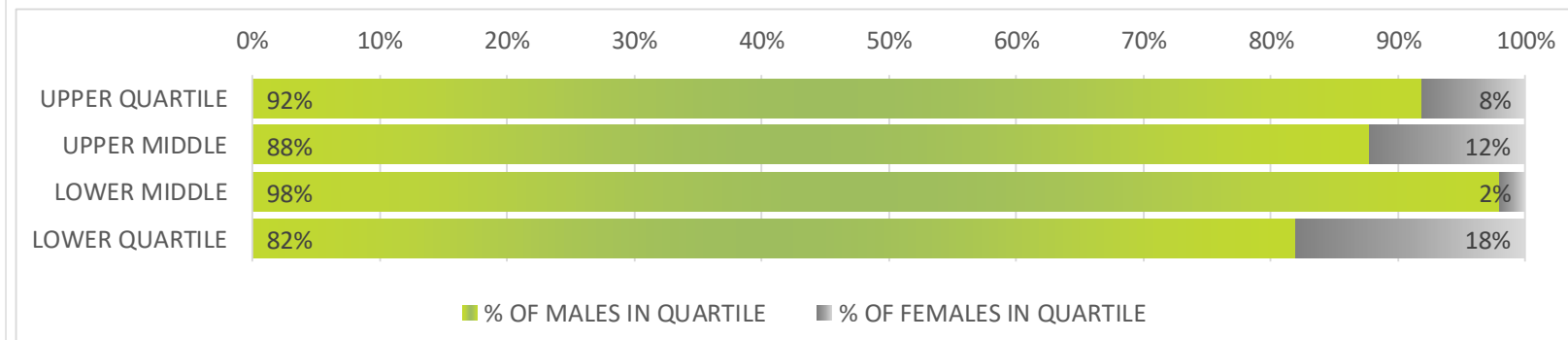
BONUS PAYMENTS

The proportion of men and women in receipt of a bonus



PAY QUARTILES

The proportion of male and female employees by quartile pay bands

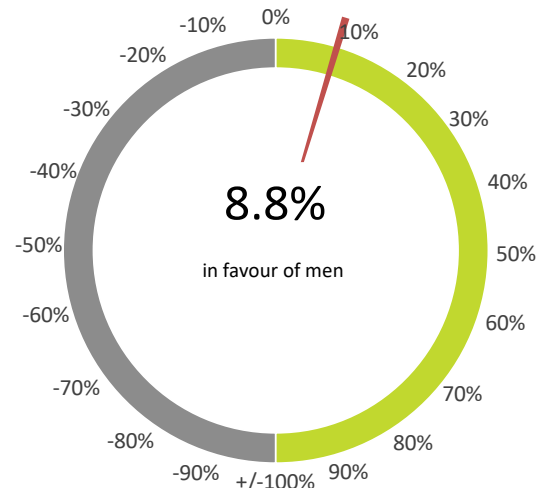


SCOTLAND GAS NETWORKS GENDER PAY GAP

- The mean gender pay gap for SGN Scotland was 8.8% in favour of men which is an increase of 6.8% from last year. This is slightly above SGN’s overall mean gender pay gap (+0.4%).
- SGN Scotland’s median pay gap in 2023 was 1.9% in favour of men, showing a decrease of 1.5% from last year. This is lower than SGN’s overall median pay gap and lower than any of the separate entities.
- Key factors behind the pay gaps include:
 - There is an even balance between the female employees sitting at the lower (50%) and upper quartiles (50%) which has helped equalise the gap between males.
 - Shift premiums, which were weighted towards males were not awarded in SGN Scotland which has helped return the lowest gender pay gaps across the business.
 - Annual bonuses paid in the reference period helped weight the mean pay gap towards males. By removing these payments, the mean gender pay gap falls by half to 4.4%.

YOUR MEAN BONUS GENDER PAY GAP

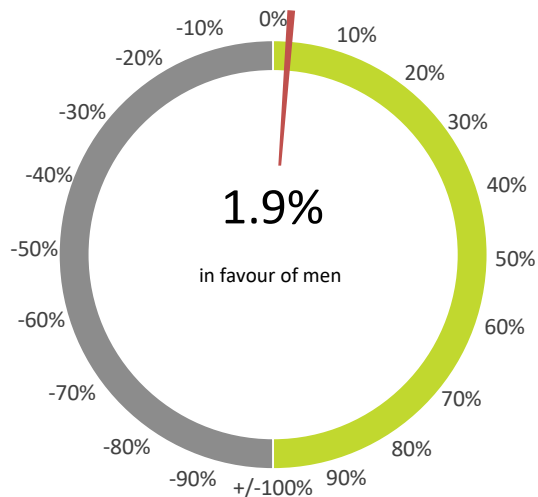
Your Mean Gender Pay Gap is:



Female Count	Male Count	Ratio	Female Hourly Pay	Male Hourly Pay	Pay Gap
20	177	10 : 90	£ 24.41	£ 26.76	8.8%

YOUR MEDIAN BONUS GENDER PAY GAP

Your Median Gender Pay Gap is:



Female Count	Male Count	Ratio	Female Hourly Pay	Male Hourly Pay	Pay Gap
20	177	10 : 90	£ 23.38	£ 23.82	1.9%

This is the data that supports the report that will be published on SGN’s own website and the Government website by 4th April 2021.

The gender pay gap calculation compares the basic hourly pay of all employees inclusive of cash payments and allowances, allowing a direct comparison of part-time and full-time earners, paid in the relevant pay period.

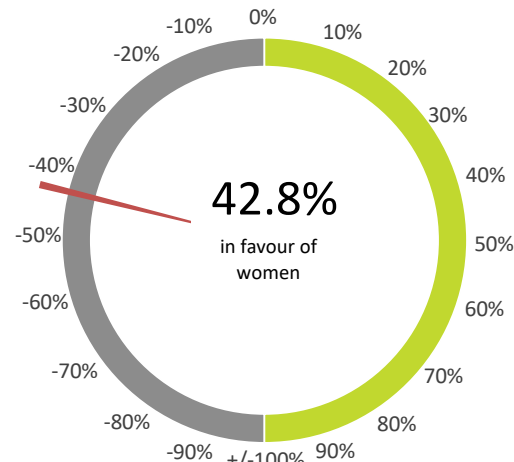
The difference in the mean & median hourly rate of pay for male and female full-pay relevant employees.

SCOTLAND GAS NETWORKS BONUS PAY GAP

- The mean bonus pay gap for SGN Scotland was 42.8% in favour of females which is a significant decrease from last year's mean bonus gap of 275.3%.
- SGN Scotland's median bonus pay gap was 9% in favour of females which is a slight increase (0.8%) on the 8.2% bonus gap in 2022.
- The main drivers for the bonus gender pay gaps in favour of females include:
 - No operational allowances were paid to SGN Scotland which has helped the bonus gaps towards females
 - The number of female employees is relatively small, meaning the mean gap is heavily influenced by the lower value bonus. Looking at smaller bonuses of less than £1,000, 80% of males received a payment of this value compared to 55% of females.
 - The bonus gap is heavily influenced by the annual bonus, whereby excluding these payments results in a median pay gap of 0% and a mean of 25.4% in favour of females.

YOUR MEAN BONUS GENDER PAY GAP

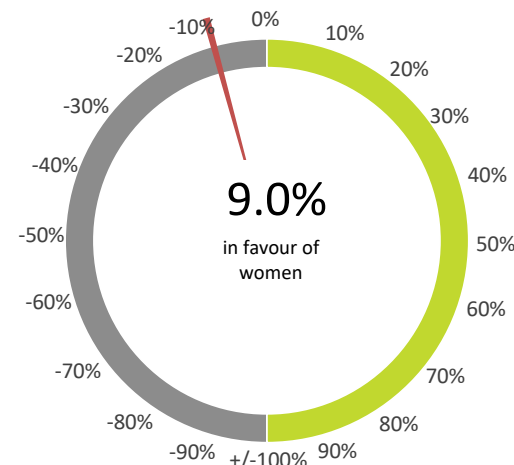
Your Mean Gender Bonus Gap is:



Female Count	Male Count	Ratio	Female	Male	Pay Gap
20	176	10 : 90	£ 3,409	£ 2,388	-42.8%

YOUR MEDIAN BONUS GENDER PAY GAP

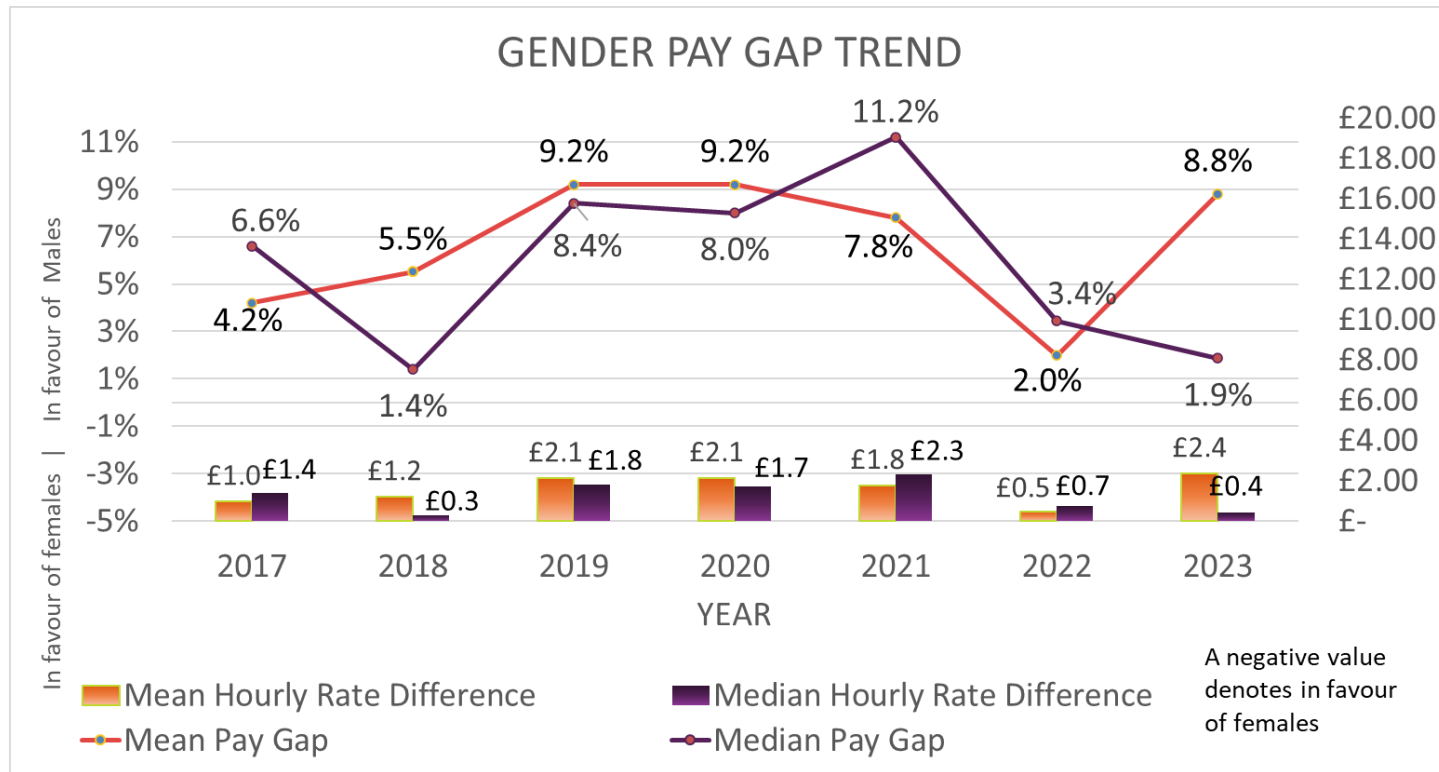
Your Median Gender Bonus Gap is:



Female Count	Male Count	Ratio	Female	Male	Pay Gap
20	176	10 : 90	£ 756	£ 694	-9.0%

It is worth noting that the gender pay gap calculation uses a conversion to an hourly rate to eliminate differences in part time and full time employees, but, as the regulations state, the bonus gender pay gap calculation uses the actual bonus paid without a conversion to an hourly rate or pro-rated figure.

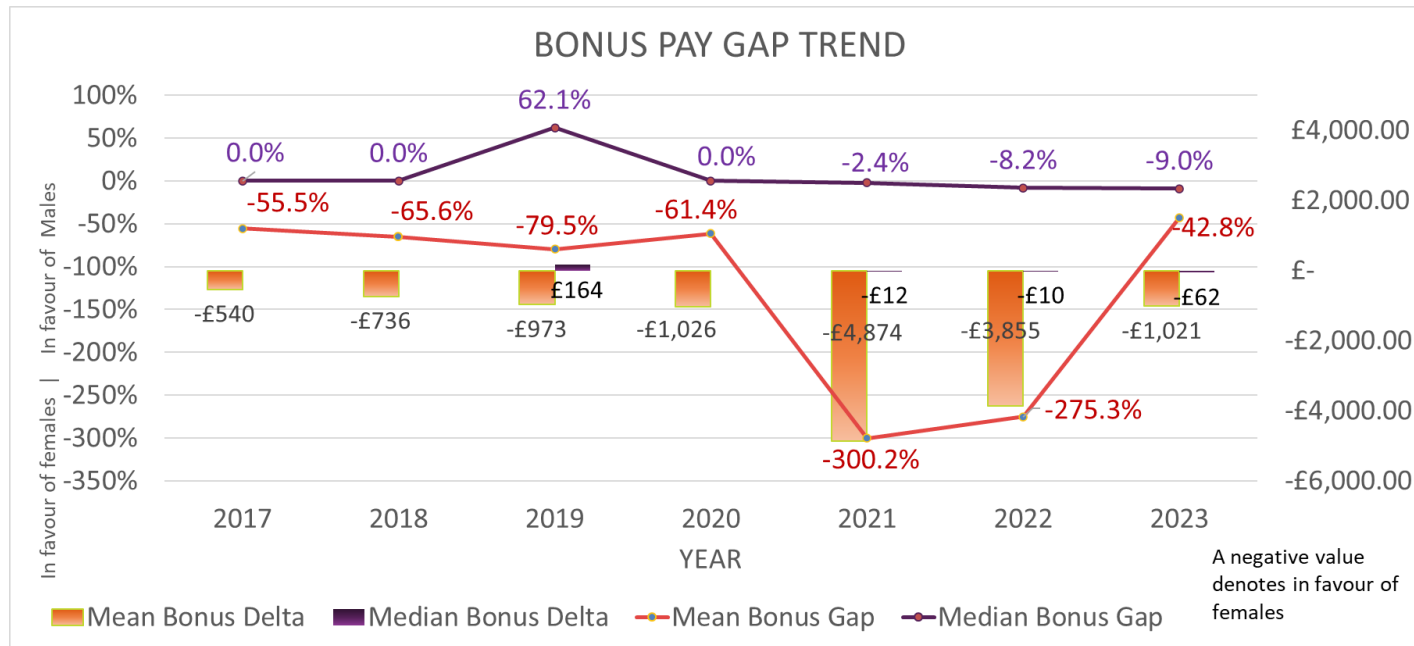
SCOTLAND GAS NETWORKS GENDER PAY GAP MOVEMENT



It is important to review the overall trend of your Gender Pay gap to understand the direction in which the gap is moving.

- Whilst SGN Scotland saw a decrease under the median measure, an increase can also be observed under the mean measure.
- Under the pay quartiles, there was an increased male representation at the highest paying quartile (+4%) and a reduction under the lower quartile (-6%) compared to 2022. These factors have helped drive the increase towards males under the mean measure.

SCOTLAND GAS NETWORKS BONUS GENDER PAY GAP MOVEMENT



It is important to review the overall trend of your Gender Pay gap to understand the direction in which the gap is moving.

- SGN Scotland’s mean bonus gap has equalised following two years of large bonus gaps in favour of females. Due to the small cohort of females, individual changes can have a large impact on the overall gaps. For example, in 2022 the largest female bonus was £60k, whereas in 2023, this value was £25k.
- Conversely, the median bonus gap has been further weighted towards females, showing the largest bonus gap in favour of females since reporting began. With the median bonus gap slowly widening since 2021, this should monitor in case the trend continues, and a long-term gap is established.

SOUTHERN GAS NETWORKS PLC HEADLINE DASHBOARD

GENDER PAY GAP

YOUR GENDER PAY GAP

Headline figures comparing the basic hourly pay of all employees inclusive of cash payments and allowances

	MEAN	MEDIAN
YOUR GENDER PAY GAP 2023/24	6.8%	6.0%
Change	7.0%	-1.8%
2022/23 Gap	-0.2%	7.8%
NATIONAL PAY GAP *	13.2%	14.3%
Change	-0.7%	-0.6%
2022 Gap	13.9%	14.9%
POWER SUPPLY (Code D)*	13.5%	29.6%
Change	-1.6%	2.7%
2022 Gap	15.1%	26.9%
YOUR GENDER BONUS PAY GAP	-25.3%	2.9%
Change	135.6%	-11.8%
2022/23 Gap	-160.9%	14.7%

A minus indicates the gap is in favour of females

* Source ONS.gov.uk (Released 1st November 2022)

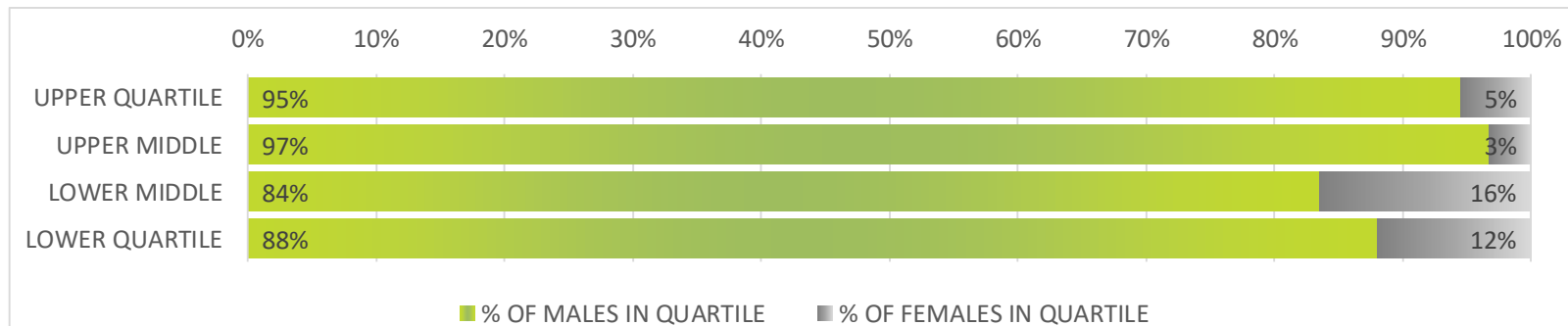
BONUS PAYMENTS

The proportion of men and women in receipt of a bonus



PAY QUANTILES

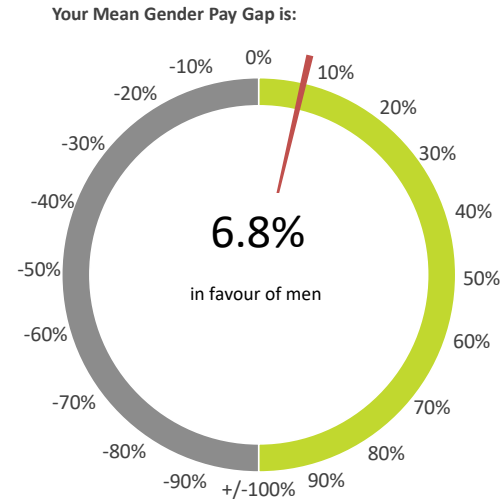
The proportion of male and female employees by quartile pay bands



SOUTHERN GAS NETWORKS GENDER PAY GAP

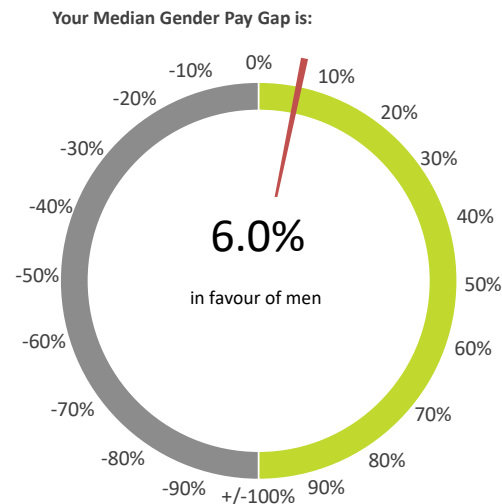
- The mean gender pay gap for SGN Southern was 6.8% in favour of men which is an increase of 7% of last year's pay gap in favour of females.
- SGN Southern's median pay gap was 6% in favour of males, which was a 1.8% decrease from last year's pay gap.
- Key factors behind the pay gaps include:
 - Over three quarters of female employees are found in the lower two pay quartiles. This impacts the median pay gap causing the female median to be found lower in the range of hourly pay compared to males.
 - Despite a slightly higher proportion of females residing in the lower half of pay quartiles and a higher proportion of males residing in the top half of pay quartiles, the median pay gap has reduced. Location allowances helped equalise the pay gap as by excluding these values, increases the median pay gap to 12.7%.
 - The increase under the mean measure is driven by the removal of the highest-paid female in 2022 (Director of Legal and Compliance). Removing this employee from the 2022 results returns a mean pay gap of 6.7%, in line with the 2023 pay gap.

YOUR MEAN GENDER PAY GAP



Female Count	Male Count	Ratio	Female Hourly Pay	Male Hourly Pay	Pay Gap
34	331	9 : 91	£ 25.43	£ 27.29	6.8%

YOUR MEDIAN GENDER PAY GAP



Female Count	Male Count	Ratio	Female Hourly Pay	Male Hourly Pay	Pay Gap
34	331	9 : 91	£ 23.51	£ 25.01	6.0%

This is the data that supports the report that will be published on SGN's own website and the Government website by 4th April 2021.

The gender pay gap calculation compares the basic hourly pay of all employees inclusive of cash payments and allowances, allowing a direct comparison of part-time and full-time earners, paid in the relevant pay period.

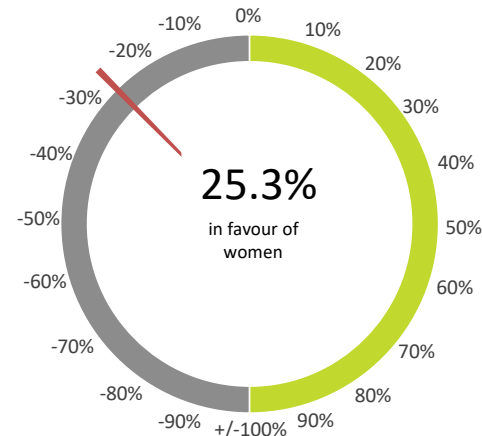
The difference in the mean & median hourly rate of pay for male and female full-pay relevant employees.

SOUTHERN GAS NETWORKS BONUS GENDER GAP

- The mean headline bonus gender pay gap for SGN Southern in 2023 was -25.3% (in favour of women) which was a decrease of 135.6% compared to the 2022 pay gap of -160.9%.
- SGN Southern’s median bonus gender pay gap was 2.9% (in favour of men), which has decreased by 11.8% compared to the 2022 pay gap of 14.7% in favour of women.
- The main drivers for the bonus gender pay gaps include:
 - Due to the small number of females in receipt of a bonus, a single large bonus has influenced the mean measure in favour of females. Excluding the largest female bonus returns a mean bonus gap of 44.5% in favour of males
 - Notably, despite three quarters of females residing in the bottom half of the pay quartiles – running the bonus gap on annual bonus alone, registers a median bonus gap of 0%.

YOUR MEAN BONUS GENDER PAY GAP

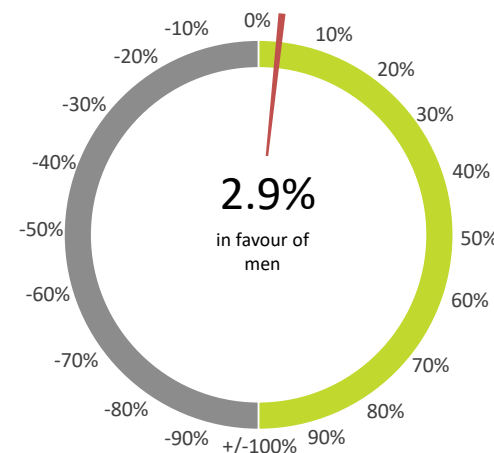
Your Mean Gender Bonus Gap is:



Female Count	Male Count	Ratio	Female	Male	Pay Gap
34	330	9 : 91	£ 3,100	£ 2,475	-25.3%

YOUR MEDIAN BONUS GENDER PAY GAP

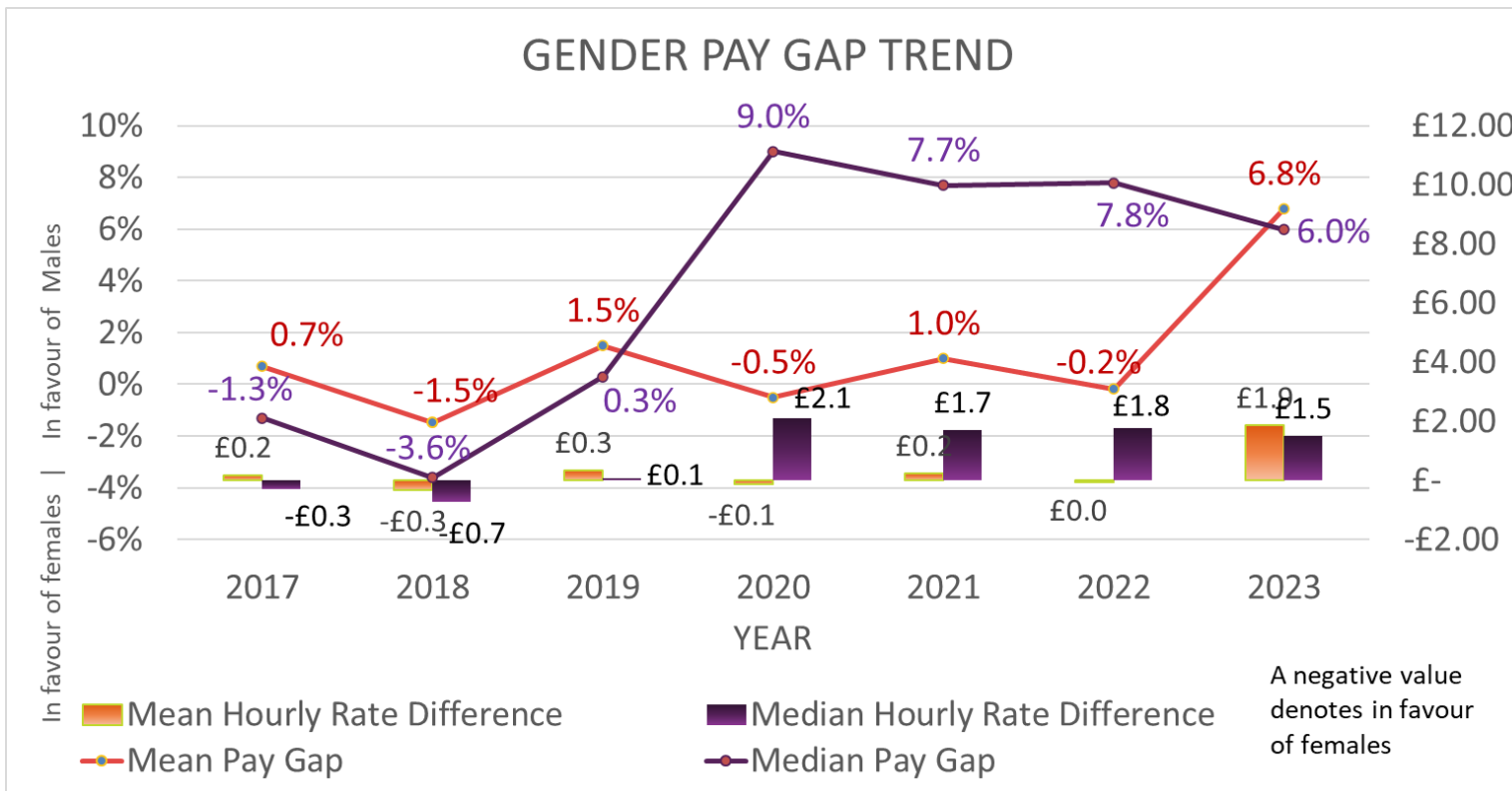
Your Median Gender Bonus Gap is:



Female Count	Male Count	Ratio	Female	Male	Pay Gap
34	330	9 : 91	£ 688	£ 709	2.9%

It is worth noting that the gender pay gap calculation uses a conversion to an hourly rate to eliminate differences in part time and full time employees, but, as the regulations state, the bonus gender pay gap calculation uses the actual bonus paid without a conversion to an hourly rate or pro-rated figure.

SOUTHERN GAS NETWORKS GENDER PAY GAP MOVEMENT

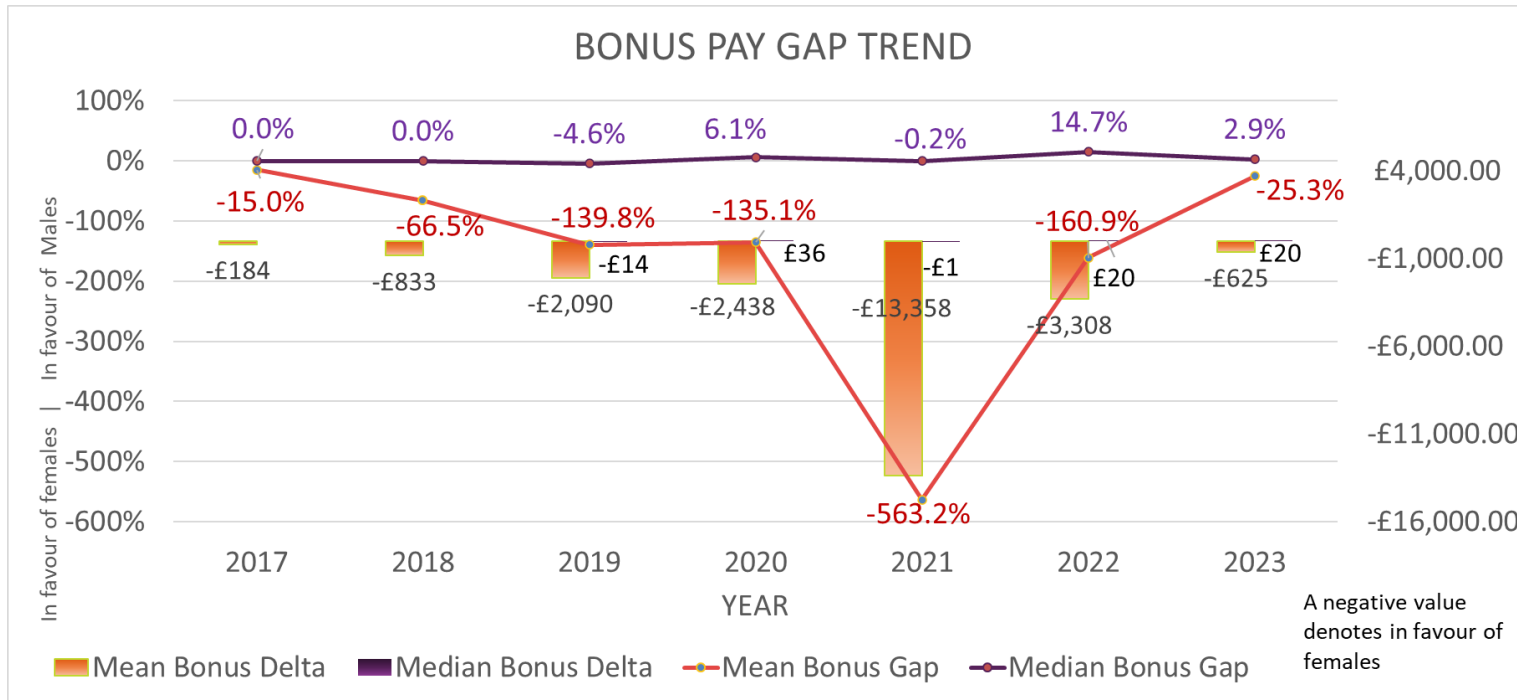


It is important to review the overall trend of your Gender Pay gap to understand the direction in which the gap is moving.

- SGN Southern’s mean gender gap has increased following years of reporting the median within 2% variance.
- The increase under the mean can be directly attributed to the composition shift in the female population. Notably, the highest paid female from 2022 has left the organisation which has harmed the gender pay gap. If we model the exclusion of this female from the 2022 results – it would return a mean pay gap of 6.7%, in line with this year's results.
- Conversely, the median pay gap has dropped, despite slightly more females in the bottom half of pay quartiles and slightly more males in the top half of pay quartiles. This is helped by allowances such as location allowances whereby excluding this payment increases the median pay gap to 12.7%.

SOUTHERN GAS NETWORKS

BONUS GENDER PAY GAP MOVEMENT



It is important to review the overall trend of your Gender Pay gap to understand the direction in which the gap is moving.

- SGN Southern’s median bonus pay gap in favour of males has reduced following the largest gap observed in 2022, whilst the mean has also dropped significantly however remaining in favour of females.
- Due to the small number of females in receipt of a bonus, a single large bonus can influence the mean measure. For example, excluding the largest female bonus returns a mean bonus gap of 44.5% in favour of males evidencing the volatility.
- The median bonus gap has fallen back in line with the gaps observed pre-2022 which was driven by long service awards. 53 employees were awarded a long service award in 2022, compared to just 8 in 2023. This has helped reduce the median gap considerably.

APPENDIX A COMPETITIVE INSIGHT



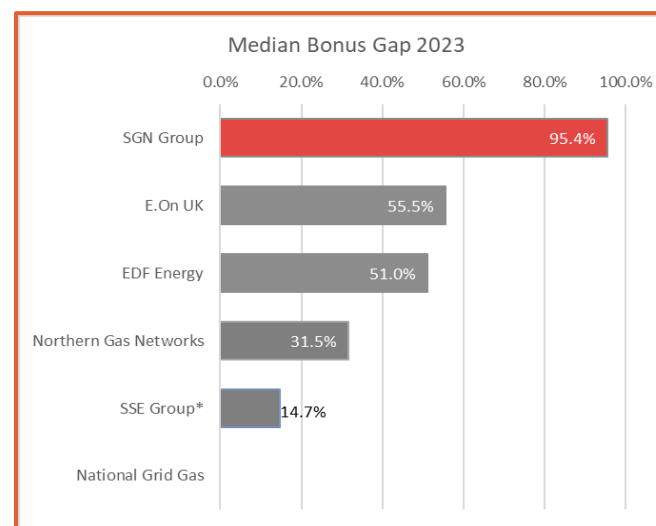
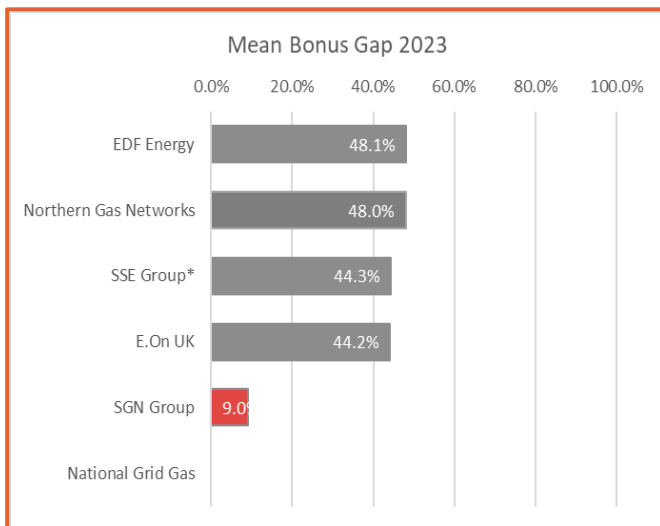
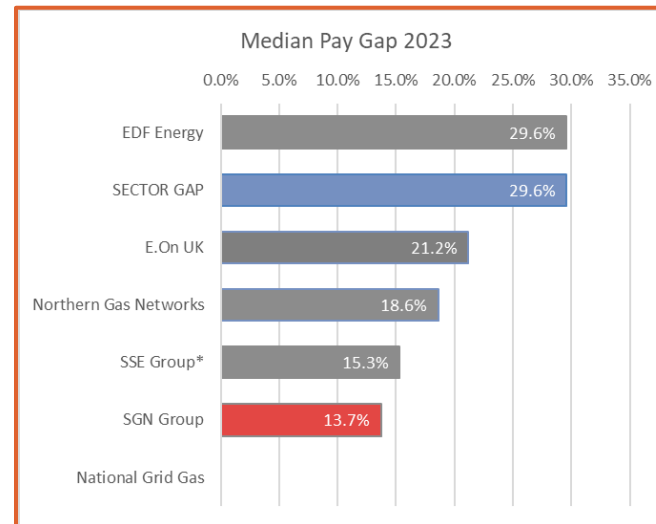
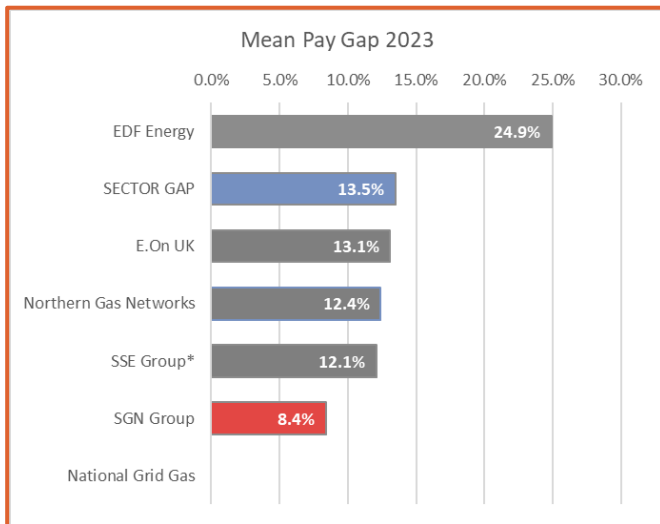
COMPETITIVE INSIGHT

COMPARABLE ORGANISATIONS 2023

Keeping consistent with last year, SGN records the lowest mean and median ordinary pay gaps across their comparators.

However, it's worth noting that National Grid Gas has not yet published their 2023 pay reports and looking back to 2021 (last published), they recorded the lowest ordinary pay gaps across the comparators.

The bonus gap is a contrasting picture, whereby SGN records the lowest mean but highest median gaps across the comparators – driven primarily by Operational Allowances and recognition payments.

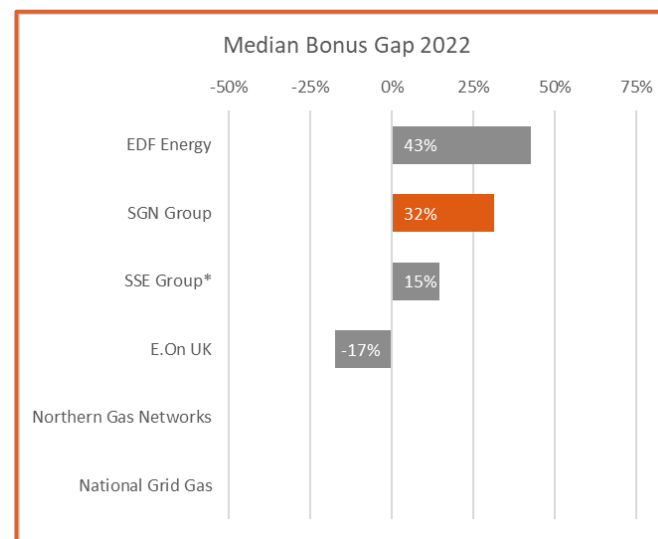
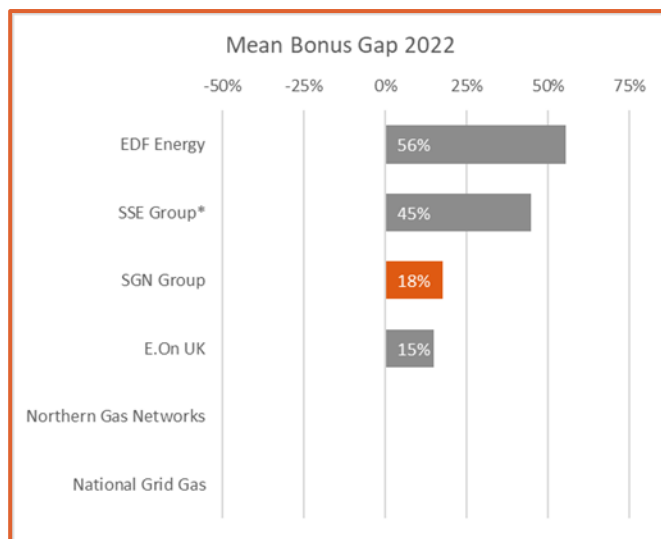
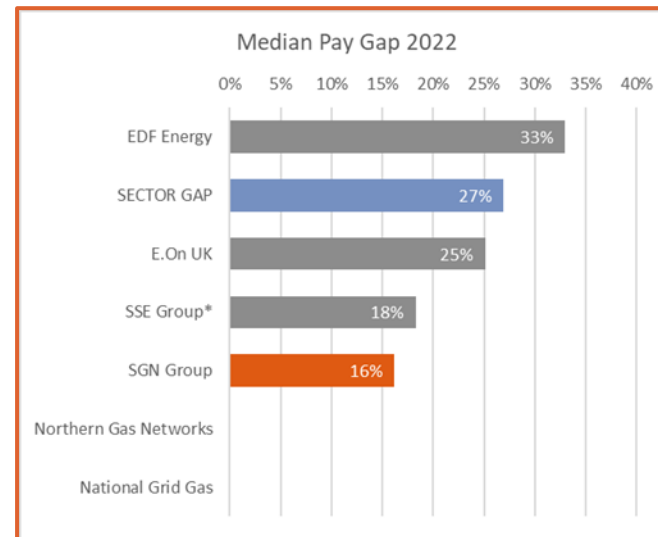
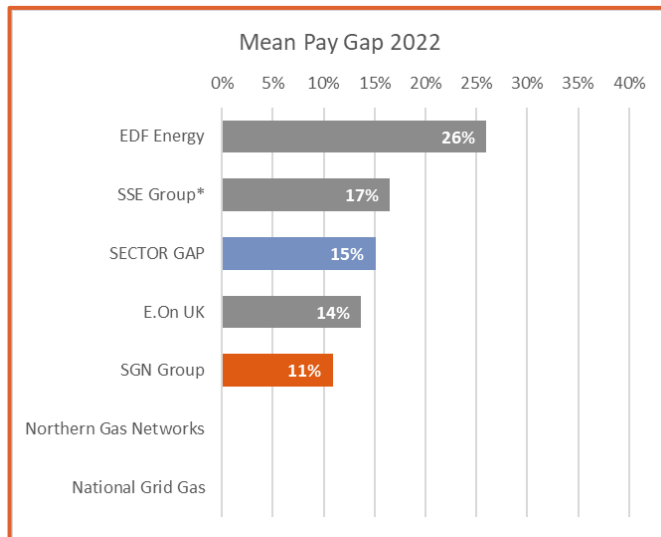


Note:

- SSE Generation Ltd are not listed as an SSE Group entity; SSE Group figures have been substituted
- At the time of writing National Grid Gas do not have published 2023 Gender Pay Gap reports

COMPETITIVE INSIGHT

COMPARABLE ORGANISATIONS 2022

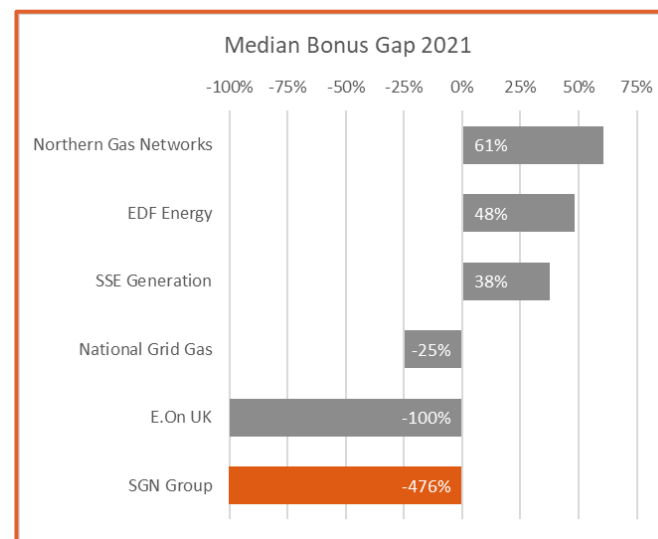
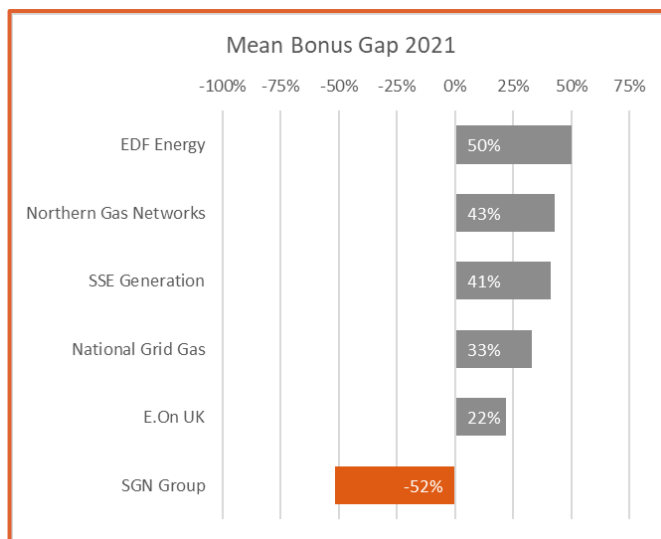
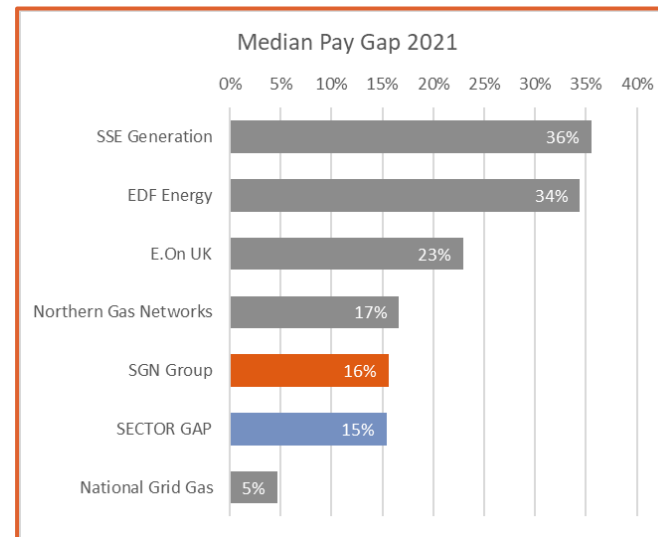
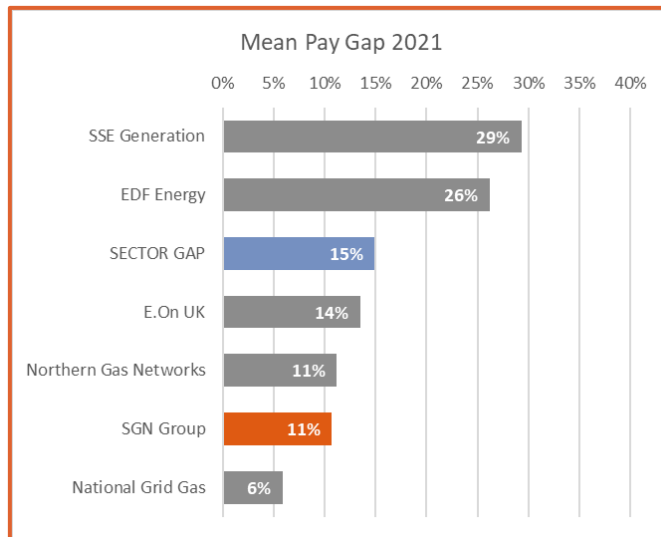


Note:

- SSE Generation Ltd are not listed as an SSE Group entity; SSE Group figures have been substituted
- At the time of writing Northern Gas Networks and National Grid Gas do not have published 2022 Gender Pay Gap reports

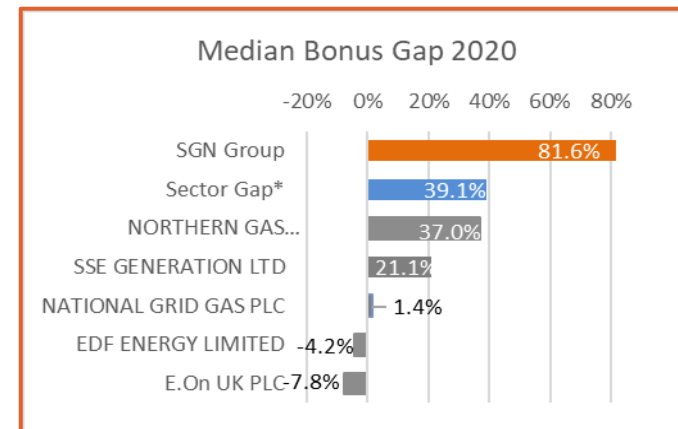
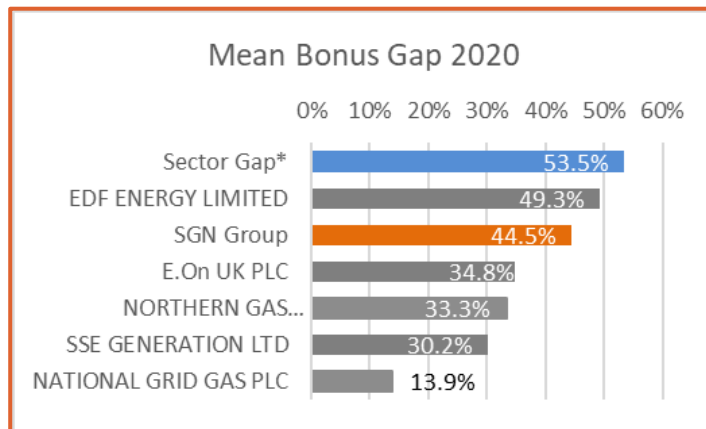
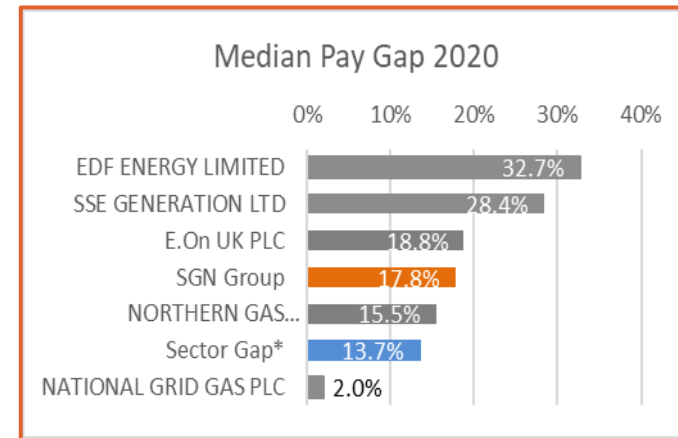
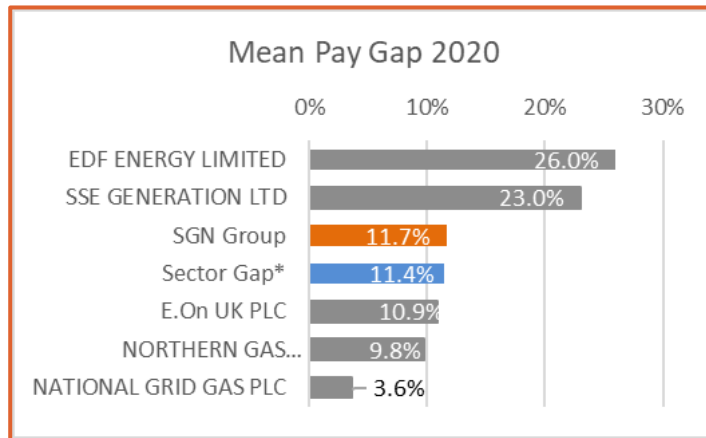
COMPETITIVE INSIGHT

COMPARABLE ORGANISATIONS 2021



COMPETITIVE INSIGHT

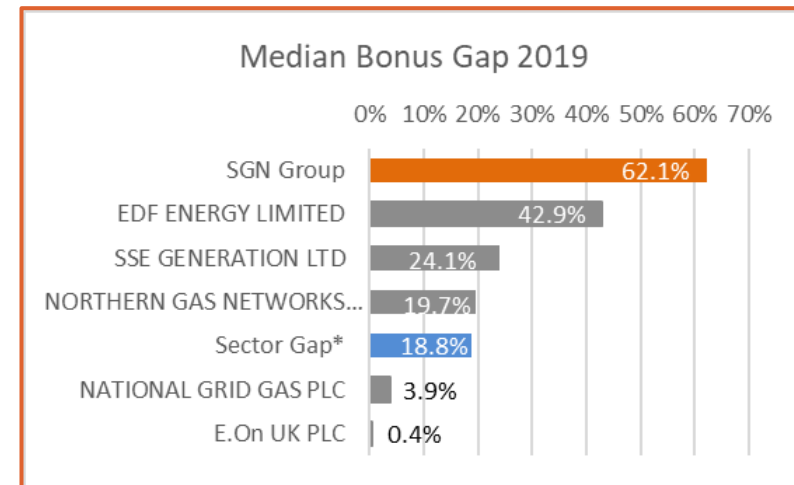
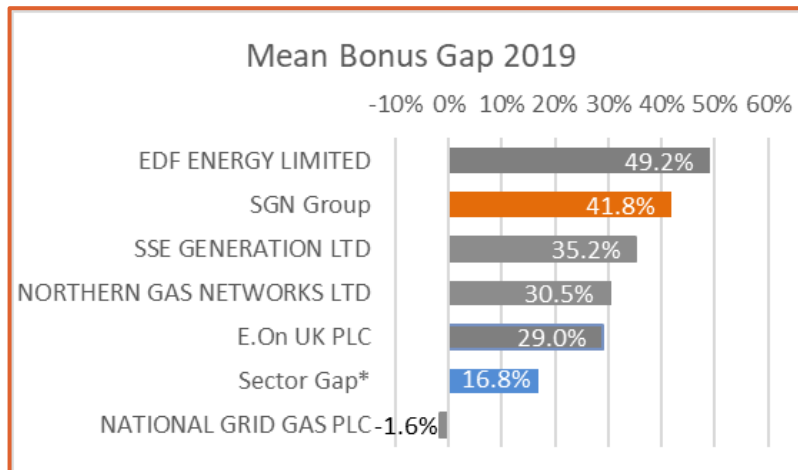
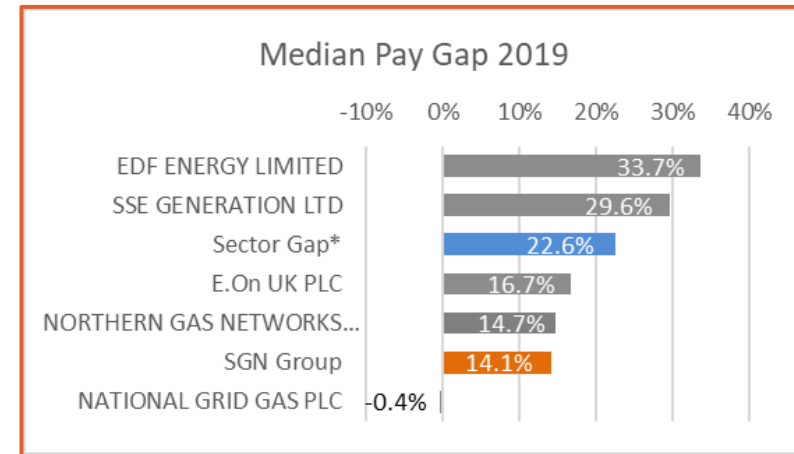
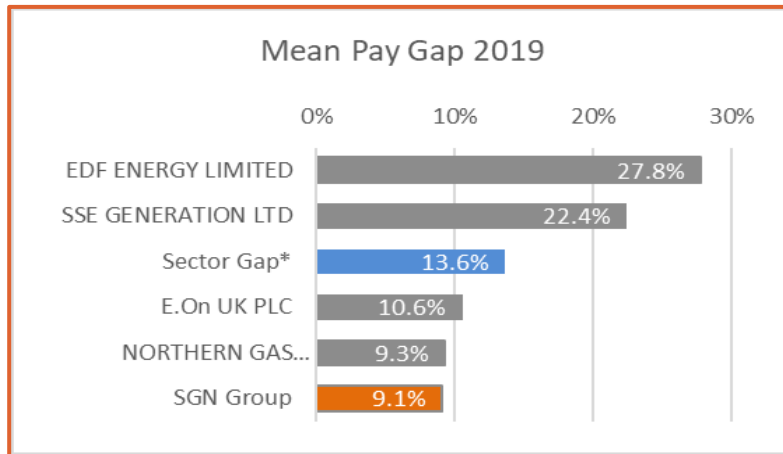
COMPARABLE ORGANISATIONS 2020



*Sector Gap is Electricity, Gas, Steam and Air Conditioning Supply

COMPETITIVE INSIGHT

COMPARABLE ORGANISATIONS 2019



*Sector Gap is Electricity, Gas, Steam and Air Conditioning Supply

APPENDIX B

UNDERSTANDING THE REGULATIONS



UNDERSTANDING THE REGULATIONS REPORTING REQUIREMENTS

The gender pay gap regulations came into effect on 6th April 2017 following a Government consultation and require that:

All relevant employers as defined by Schedule 19 to the Equality Act 2010 with 250 employees or more on the snapshot date report their Gender Pay Gap.

If a business has a number of limited companies in its structure, the obligation to report falls on each entity separately (subject to meeting the qualifications on employee numbers). A separate legal company, or separate legal entity means each company registered at Companies House.

Reporting be done annually; gender pay gap results must be published by 4th April each year using pay data from the “relevant pay period”, defined as the pay period during which 5th April of the previous year (the “snap-shot date”) falls, as well as the previous 12 months’ bonus payments, up to and including the 5th April “snap-shot date”, for a separate bonus gender pay gap calculation.

Headline gender pay gap calculations are based on the definition of “Ordinary Pay”, which includes base pay and allowances, and “Bonus Pay”, paid in the relevant pay period, as well as the separate bonus gender pay gap calculation.

You report on your external website (accessible by the public and employees) and a sponsored government website. The person who registers on the government website will be the one whose name appears on the report therefore we advise that whoever signs the report should be the one to register it on the website.

3 years’ of data be kept visible on your website so that year-on-year comparisons can be made.

The government will monitor the levels of compliance and failure to comply will constitute an ‘unlawful act’.

UNDERSTANDING THE REGULATIONS GENDER PAY GAP CALCULATIONS

The difference in the mean hourly rate of pay for male and female full-pay relevant employees.

The difference in the median hourly rate of pay for male and female full-pay relevant employees.

The difference in the mean bonus pay for male and female relevant employees.

The difference in the median bonus pay for male and female relevant employees.

The numbers and percentage of male and female relevant employees employed in quartile pay bands of lower, lower middle, upper middle and upper quartile expressed as a percentage of the full-pay relevant employees within that band.

The difference between proportions of male and female employees who were awarded bonus pay.

UNDERSTANDING THE REGULATIONS EMPLOYEES IN SCOPE

PERMANENT EMPLOYEES

Actual heads as opposed to FTE.

CONTRACTORS

Working under a contract of employment, a contract of apprenticeship and a contract to personally perform work.

FIXED-TERM CONTRACTS

This group has the same employment rights as permanent employees.

OVERSEAS EMPLOYEES

UK outbound employees working overseas on the snapshot date who are maintaining a link to the UK, as per their work contract.

ZERO HOURS CONTRACTS

If the employee(s) in question have worked during the reporting period.

CASUAL WORKERS

A casual worker should be included if they are not genuinely casual as defined in their contract (see description to the right).

Hourly rates used to establish the gender pay gap figures have been calculated using 'full pay relevant employee' pay received during the pay reference period and contractual working hours in effect on the snapshot date.

Employees excluded include partners, Non-Executive Directors, employees being paid at a reduced rate or received no pay due to annual, maternity, adoption, shared parental, sick or special leave, or having not worked, and consultants and contractors because they are not personally contracted to carry out work or no mechanism is in place to record hours worked.

Casual workers can be excluded if they are genuinely casual. So, for example, are they hired and dismissed on separate contracts whenever they work? Is there an ongoing expectation that they will receive work and can they turn it down, or would they then 'lose their job'? It's a legal grey area; we advise to veer towards including them if you are under any doubt as to whether they are genuinely 'casual', and instead fall under 'workers', 'contractors' or 'employees'.

UNDERSTANDING THE REGULATIONS DEFINING ORDINARY PAY

The payroll snapshot date for calculations is **5th April** each year and must be calculated based on the 'relevant pay period' where the date normally falls.

This is the period in which the relevant employer pays the employee basic pay, whether weekly, fortnightly, monthly etc. Organisations must calculate 'ordinary pay' before deductions for PAYE, national insurance, pension schemes, student loan repayments and voluntary deductions. As such 'ordinary pay' includes:

1	Basic pay (post salary sacrifice deductions)	6	Shift premiums
2	Holiday pay	7	Car allowances paid through the payroll
3	Maternity pay – only if this is the same or higher than the rate of pay the individual would have received had they not been on maternity leave	8	On-call allowances
4	Sick pay - only if this is the same or higher than the rate of pay the individual would have received had they been working on the snapshot date	9	Standby allowances
5	Location or area allowance	10	Clothing allowances
		11	First-aider allowances
		12	Fire-warden allowances

The following are not included within the 'Gender Pay' Reporting definition for ordinary pay:

Overtime pay, expenses, the value of salary sacrifice schemes, benefits in kind, redundancy pay, arrears of pay and tax credits, remuneration referable to redundancy or termination of employment, remuneration in lieu of leave or remuneration provided otherwise than in money.

UNDERSTANDING THE REGULATIONS DEFINING BONUS PAY



Employers must record all amounts of bonus pay paid during the relevant pay period, which should be pro-rata'd where applicable – this, along with the basic pay regulations on the previous slide, constitutes the definition of Ordinary Pay for the purposes of the Gender Pay Gap calculations.



Employers must also record all bonus payments paid in the previous 12 months ending on the 5th April 2021 - these are used to calculate the Bonus Gender Pay Gap figures and are based on actual amounts as opposed to pro-rata or FTE figures.



The bonus gender pay gap is the difference between the bonus pay paid to male relevant employees and that paid to female relevant employees and must be calculated using both the mean and median bonus figures.



Employees on sick leave/maternity leave who are excluded from the Ordinary Pay calculations due to receiving a reduced rate of pay during the relevant pay period are included in the bonus gender pay gap calculations.



Bonus pay is defined as money, vouchers, securities, securities options or interests in securities, and relates to profit sharing, productivity, performance, long service, incentive or commission. Elements of bonus that are awarded as shares or share options are to be treated as paid at the point in time when they would give rise to taxable earnings and the value to be considered for calculating the bonus pay figures is the taxable amount.

UNDERSTANDING THE REGULATIONS

GLOSSARY

RELEVANT EMPLOYEES are employees employed by the employer on 5 April of a given year. This term includes full-pay relevant employees. A full-pay relevant employee is an employee who is employed on the snapshot date and who is being paid their usual full pay during the pay period that includes the snapshot date.

SNAPSHOT DATE is the date which determines the period of pay you are reporting on, which is 5 April. You will then have 12 months to publish your Gender Pay Gap. The information must be published within the 12 months following the snapshot date of 5 April each year which means that you will need to publish your Gender Pay Gap report by 4 April 2022 at the latest.

THE 'RELEVANT PAY PERIOD' is the pay period within which the 'snapshot date' falls. It is the period in respect of which the relevant employer pays the employee basic pay, whether weekly, fortnightly, monthly or any other period, or if the relevant employer does not pay the employee basic pay, the period in respect of which the employer most frequently pays the employee one of the elements of ordinary pay.

THE 'RELEVANT BONUS PERIOD' is the twelve-month period that ends on the 'snapshot date'. The relevant bonus period will always be the preceding twelve months ending on the 'snapshot date' being used for calculations. For example, where the snapshot date is 5 April 2021, the relevant bonus period will be 6 April 2020 to 5 April 2021.

REDUCED RATE OF PAY is pay received by employees in the relevant pay period that is less than their usual or contractual pay, or nil, due to being on or having been on leave (maternity leave, parental leave, sabbatical). In this case they are not a 'full pay relevant employee' and should be excluded from the ordinary pay calculation. If an employee is paid less than usual for reasons other than leave (for example because they have been on strike during the pay period), they still count as a full pay relevant employee.

MEDIAN relates to a value lying at the midpoint of a distribution of values, such that there is an equal probability of falling above or below it.

MEAN is the average number in a set of data.

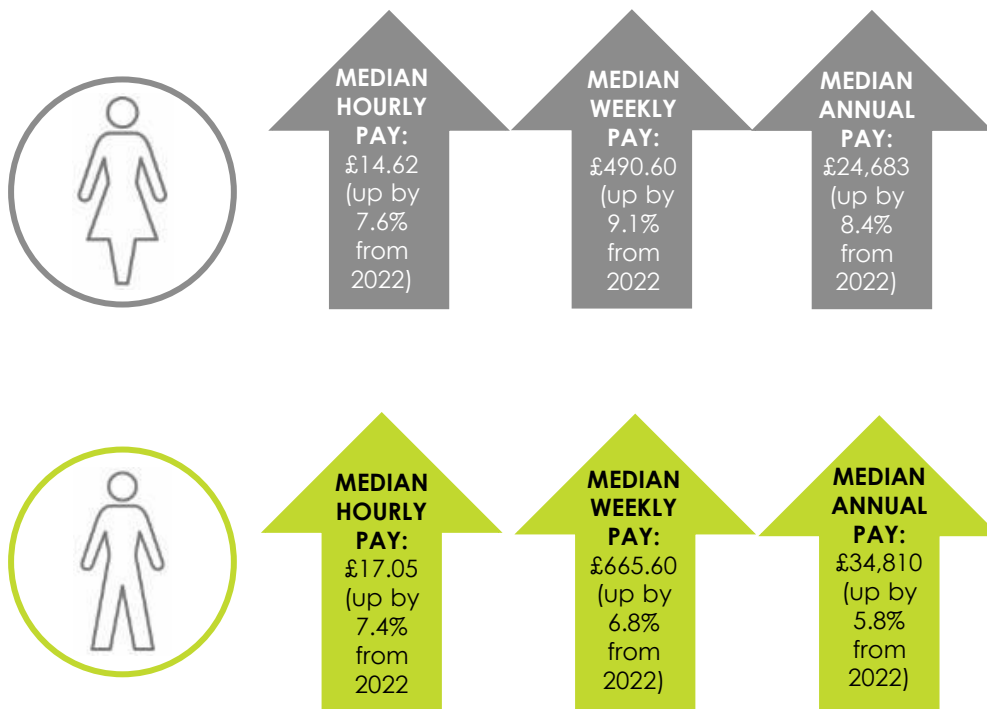
APPENDIX C

CONTEXTUAL INFORMATION



CONTEXTUAL INFORMATION ONS AND UK GOVERNMENT

2023 Update: “Gender pay gap narrows to **14.3%**”



The ONS' Gender pay gap in the UK release for 2023, using provisional data released on the 1st November 2023, reports that the gender pay gap has **decreased to 14.3%** from 14.4% in 2022, and has been declining slowly over time, falling by approximately a quarter over the last decade.

The median hourly earnings for full time employees in 2023 shows women earning 92.3% of men's hourly pay. This is a Gender Pay gap of 7.7%, up from 7.6% in 2022.

Part-time hourly earnings reveal a Gender Pay Gap in favour of women. Part-time male employees earned 96.8% of women's part-time hourly pay. This is a Gender Pay Gap of **-3.3%, the same as 2022.**

The Annual Survey for Hours and Earnings (ASHE) is based on employer responses for a 1% sample of employee jobs, using HM Revenue and Customs Pay As You Earn (PAYE) records to identify individuals' current employer.

SOURCES:

2023 ONS Gender Pay

[https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2023#:~:text=In%202023%2C%20the%20gap%20among,seen%20in%202019%20\(17.4%25\).](https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2023#:~:text=In%202023%2C%20the%20gap%20among,seen%20in%202019%20(17.4%25).)

ASHE Data

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2023>

APPENDIX D

NEXT STEPS



WHAT NEXT?

USEFUL CHALLENGES, GOING FORWARD

<p>Succession planning</p>	<p>At present the primary contributory factor towards the base pay gap is that females tend to be the most prominent population within the lower grades and this diminishes as you move up through the grades.</p> <p>Is there a barrier impacting the progression of females at the higher grades. We recommend that consideration is given towards succession planning, talent mapping, hiring, pay progression, and pay setting policies and processes.</p> <p>Are there any areas which might lead to unconscious bias against women. For example, it is widely acknowledged that unconscious bias plays a part in our decision making - even with the best of intentions - and adopting an approach of structured interview questions, which you ask all applicants, ensures you are taking a consistent and objective approach to all candidates. There are also training courses available to help your managers with unconscious bias.</p> <p>The end game is to take a fresh view of existing practice and put in place an action plan which will support in attracting, retaining and developing the best talent regardless of gender.</p>
<p>Learning & development</p>	<p>Do men and women have the same access to development opportunities?</p> <p>Are courses or learning opportunities easily accessible to both genders?</p>
<p>Career progression</p>	<p>Are you satisfied with how many women were promoted within a 1 – 3 year period and does this compare favourably with your organisation’s overall gender composition?</p> <p>Do you regularly audit the ratio of males to females being promoted according to gender in any given year, or looked at it by manager to uncover any potential gender bias? Can you track how far each gender progresses?</p> <p>Do you regularly audit the proportion of roles filled by external recruitment vs. internal promotions? If so, are there any levels that are particularly problematic?</p> <p>Can you monitor and evidence that your career progression plans take account of career breaks for women?</p>
<p>Proactive initiatives</p>	<p>Does your organisation effectively promote successful female role models?</p> <p>Do you encourage networking amongst female employees?</p> <p>Do you offer management development that is specifically targeted towards female emerging leaders?</p>

WHAT NEXT?

USEFUL CHALLENGES, GOING FORWARD, CONT'D

Overall Reward strategy	<p>Is there a commitment to consider and address matters of gender & equal pay?</p> <p>Can it be supported and demonstrated at a senior level?</p>
Action Plan & Policies	<p>What does your action plan look like – in the short/ medium/long term?</p> <p>Would developing or strengthening an Equal Pay Policy help?</p> <p>What policies and practices need to change?</p> <p>How (or will you) communicate this?</p> <p>How can you best track progress made over time?</p> <p>How will you set goals, and meet gender diversity targets?</p>
Job evaluation	<p>Are you satisfied that you have a robust job evaluation system in place? Or that you are applying it fairly and consistently?</p> <p>This will provide the foundation for fairly recognising internal job relativities, i.e. work of equal value.</p>
Pay arrangements	<p>Do you have clear and consistent policies in place? Can you audit to ensure that managers are consistent in the application of base salary levels for new starters, for promotions and 'out of cycle' increases? Beyond base pay levels, do both genders have the same opportunity to obtain bonus payments or any additional allowances?</p>
Recruitment	<p>Can you confidently say that your organisation strives to employ a fair and realistic balance of women and men across the organisation?</p> <p>What do you do to proactively sell your sector to both genders at all levels?</p> <p>Can you be confident providing evidence that your recruitment system is free from gender bias?</p> <p>Do you monitor the ratio of female to male applications in comparison to the number of employees you actually hire?</p>

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