



SCOTTISHPOWER



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Gender Pay Report 2021

Introduction

ScottishPower is working every day to achieve a **better future, quicker**, for all of us.

Last year at COP26 in Glasgow, we were proud to show the world what progress looks like.

As the UK's only integrated energy company that generates 100% green electricity and a principal partner of the United Nations COP26 Climate Change Conference, we're committed to helping the UK achieve its world-leading net zero emissions and building the team needed to make it happen.

We're developing an energy model that will play a significant role in reaching the country's climate change targets and are investing £10 billion in the UK over the next five years - £6 million every working day – to double our renewable generation capacity and drive forward decarbonisation to support the move towards net zero.

Our future is clean energy. To deliver these rapid changes, ScottishPower needs a team that thinks differently, brings bold new ideas and shares a passion for climate action. That's why we have so many talented people from diverse backgrounds, who work together to achieve challenging and rewarding goals.

We inspire and support our people to challenge, innovate and lead the competitive utilities market. Belonging, respect and acceptance are at the heart of our everyday working environment and support the speed of change required for the UK's cleaner and greener future.



Keith Anderson
CEO ScottishPower



We all have a responsibility to take on the climate crisis. It's a challenge we all face and developing a more inclusive business is one of the ways we'll inspire the innovation required to achieve the UK's world-leading net zero emissions goals.

"Last year we continued to invest in programmes, platforms, tools and training that build a sense of belonging, improve Diversity and Inclusion, and enable net zero. While we continue to work in line with changing COVID-19 restrictions, our hybrid working model has inclusion at its core and we're already seeing its benefits.

"COP26 was one of the standout moments for ScottishPower in 2021. Talking about climate change action was the easy bit, now it's time for delivery. We must do more, do it now and do it faster."

Delivering a better future quicker through diversity & inclusion

We value every individual for their differences and the insights, experience, and expertise they bring. That's why we attract and inspire the best talent regardless of gender, age, sexual orientation, disability, ethnicity, or any other factor.

By collaborating with our Connected Women and Parent & Carers (SPACE) employee networks we're achieving sustainable change, maximising gender inclusion, and supporting female progression through improvements to our HR policies and ways of working.

These changes include the launch of enhanced maternity and adoption leave as a day one entitlement for all our employees alongside the introduction of new guidelines on Menopause & Menstrual Health and guidelines on Domestic Abuse.

In 2021 we rolled out Talent on Leave Maternity Coaching to support employees through the maternity journey, following a hugely successful pilot in 2020 with women in our talent population. Coaching is tailored to the needs of each individual but often focuses on what is achievable upon a return to work, the supporting conditions required to thrive at home, building confidence and empowering returners to pursue their work and home life goals.

As a result, 80% of women who have received individual coaching in 2020/21 have applied for promoted positions. Here are some of our female leaders who have benefited from bespoke coaching during their maternity leave.



Natasha Paine,
Head of Smart Solutions Sales:

"The whole coaching experience with Talent on Leave has been great for me. Since returning to the business I have secured a promotion into a new role. Within my network, two close colleagues are also now receiving coaching and thriving in their return to work too. It's fantastic that ScottishPower has invested in such a brilliant programme."



Cristina Fundulea,
Engineering Section Head:

"For me the maternity coaching programme has been invaluable. Following my maternity leave, I have secured a promoted post – I used to think that I had to choose between being a good parent and succeeding in my career, but that definitely isn't the case. To have that perception barrier broken down has been so powerful."

Gender Pay Gap Results

We're working hard to improve gender representation, but the gender pay gap underlines that the average hourly rate of all males is greater than all females. This is driven by two key factors:

- We still have more males than females in senior roles with 74% of our Senior Leader Roles held by males.
- We have more males performing technical roles that command a premium in the market. These roles also receive allowances to compensate for unsociable work patterns.

The proportion of females in our senior management population has remained static at 26% (2020 26%). The proportion of females in our middle management population has reduced to 31% (2020 33%). This is a result of growth in our SP Energy Networks and Renewables businesses and reflects the pipeline for external talent. We have a number of programmes in place to address this.

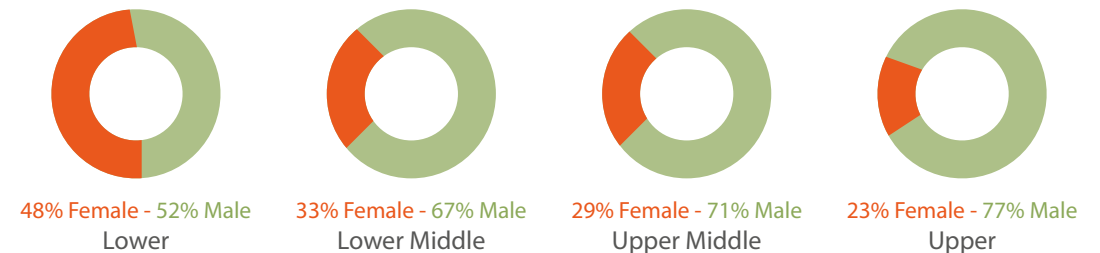
At ScottishPower, we always make sure males and females are paid equally for doing the same job. Our gender pay gap is not because of unequal pay.

PAY GAP

	2021	2020
Mean	14.1%	16.7%
Median	15.7%	15.8%

● Male ● Female

Pay Quartiles



BONUS GAP

	2021	2020
Mean	21.4%	19.2%
Median*	-58.1%	0%

*(Median bonus gap is in favour of females)

Proportion of Males and Females Receiving Bonus



Analysis of Our 2021 Pay Gap

Our pay gap has continued to reduce year on year. We're pleased to report positive year on year movement in our pay quartile distribution with 33% female representation in the lower middle quartile from (2020 31%) and 23% female representation in the upper quartile from (2020 22%) together with a reduction in female representation in the lower quartile at 48% from (2020 50%).

PAY GAP

	2021	2020
Mean	14.1%	16.7%
Median	15.7%	15.8%



Analysis of Our 2021 Bonus Gap

Our mean bonus gap has increased to 21.4% (2020 19.2%). The increase in the mean bonus gap can be attributed to several factors including the introduction of project related bonuses in some areas of our business and an increase to the overall percentage of employees receiving a bonus payment. Both these factors are influenced by the representation of females in our upper pay quartile.

Our median bonus gap is reported at -58.1% (2020 0%). UK Government methodology mandates that we include data from several different performance-related schemes in place across the organisation. Within our collectively bargained populations, fixed amounts that were paid to all employees linked to the achievement of business results varied between the 2021 and 2020 reporting periods. The nature and timing of these fixed payments have a significant impact on the median bonus metric due to the high number of employees who receive them.

BONUS GAP

	2021	2020
Mean	21.4%	19.2%
Median*	-58.1%	0%

*(Median bonus gap is in favour of females)

Equal Pay Versus Gender Pay

It's important to understand the gender pay gap is not the same as equal pay:

- The gender pay gap shows the difference in the average pay between all males and females across the organisation.
- Equal pay is the right for males and females to be paid equally for doing the same job.

Embedding & Inspiring an Inclusive Culture

At ScottishPower we're working hard to create an inclusive culture for all. We believe that an inclusive business provides a productive, supportive and successful environment – that's why closing the gender pay gap remains a priority. We're achieving this through inclusive initiatives across three priority areas; engagement & education, inclusive leadership, and policies & approach. Here is what we delivered in 2021:

Engagement and Education



- Empowered the development of our employee-led networks – using their insights and recommendations to make sustainable improvements throughout ScottishPower.
- Enhanced the 'Inclusion at ScottishPower' dedicated website space with employee stories and information about our diversity and inclusion initiatives.
- Continued to celebrate notable days on the inclusion calendar to inform and inspire an inclusive mind-set. For example, our Connected Women's employee network facilitated discussions on the impact of male allyship and added International Men's Day to our established calendar of events.
- Encouraged our employees to apply to be among the 1,000 volunteers needed to help the COP26 United Nations Climate Change Conference in Glasgow in November by increasing the number of paid days off to do charity work.

Inclusive Leadership



- Launched our new Diversity & Inclusion online training platform to provide practical inclusive leadership training together with targeted awareness on the benefits of diversity. This enabled our D&I training to reach more employees than ever before – for example, over 50% of our people leaders have now completed D&I legal training.
- Rolled out our hugely successful Inclusive Recruitment Training workshops to our recruiting managers who undertake a significant amount of recruitment to maximise the attraction and engagement of diverse talent. These in-depth workshops are run in addition to our mandatory requirement for all our recruiting managers to complete unconscious bias training.

Policies and Approaches



- Introduced enhanced maternity and adoption leave (extended to 26 weeks full pay) and paternity leave has now increased to 2 weeks full pay. The entitlement to maternity, adoption and paternity leave is now a day one entitlement for all our employees and maternity and adoption returners can now return on a phased basis on 80% duties at 100% pay for their first 3 months.
- Introduced day one entitlements to dependency leave, parental leave, flexible working, volunteering provisions and enhanced support for Reservist and ex-Forces personnel, which helped us achieve Gold status on the Armed Forces Charter Employer Recognition Scheme.
- Collaborated with our employee networks on employment policy design and communication to maximise employee benefit and engagement.
- Launched an all employee Diversity & Inclusion data gathering campaign to improve insights on performance across the employee lifecycle.

Our 2022 Priority Areas

Throughout the COVID-19 pandemic we've made sustainable progress to inspire a more inclusive environment while supporting flexible and hybrid working that benefits our people and their families. This year we will continue building on our inclusivity work to make our business more diverse.

We've reviewed our Diversity & Inclusion strategy to consolidate the progress we've made while stretching ourselves further with specific focus on belonging, talent attraction and measuring progress. Our priority areas will be: -

Belonging & Contributing



- Continuing to engage senior leaders on the benefits and practical application of inclusive leadership via a combination of face to face and online training alongside productive mentoring relationships.
- Enhancing our employee-led networks and using their insights to develop sustainable improvements.
- Continuing to offer coaching support to employees throughout the maternity journey to maximise returner progression and further development of inclusive policies including hybrid working.

Attracting & Developing Sustainable Talent



- Promoting our family friendly policy offerings and embedding hybrid working as part of our ongoing Net Zero Workplace programme.
- Implementing a new early careers candidate assessment platform to improve attraction and selection of diverse talent.
- Continuing to deliver inclusive recruitment training to our recruiting managers who undertake a significant amount of recruitment and embed inclusive practices that reduce bias.

Measuring Progress



- Continue to improve Diversity & Inclusion data gathering for applicants, new hires and existing employees.
- Reporting on D&I data and developing insights to support the recruitment and progression of diverse talent.
- Developing our D&I measurement dashboard beyond age & gender to inform current performance and future focus of D&I initiatives.

We support the UK Government's initiative on gender pay reporting. ScottishPower aspires to deliver the 2022 stretch targets our leadership team have set for gender pay:

- Increase the number of females in our senior leadership population to exceed 30% by 2022 (currently 26%)
- Increase the number of females in our middle management population to exceed 40% by 2022 (currently 31%)

We confirm that the information and data provided is accurate.



Keith Anderson
CEO ScottishPower



Sarah McNulty
HR Director

