



Gender Pay Report 2022

Introduction

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

We're shaping the future of energy with our biggest ever recruitment drive and industry-leading inclusion initiatives to support our employees.

As the UK's only integrated energy company that generates 100% green energy, we play a leading role in accelerating the transition of our energy system to homegrown renewable energy that's secure and affordable.

We're investing a record £6.7 billion in the UK by 2025 to double our renewable energy generation and facilitate progress towards a cleaner, greener future. The UK's shift away from fossil fuels is accelerating and we see demand for electricity doubling by 2040.

Our investment of £6 million every working day will meet demand by building more green energy security for the UK and upgrading grids to deliver more electricity to people's homes.

That's why we're creating 1,000 new green jobs to drive the energy transition, backed by industry-leading inclusive initiatives introduced to recruit the best new talent and support all of our employees.

We believe in doing things differently. In 2022, we grew our family of employee-led networks with our first disability focused organisation, narrowed our gender pay gap, introduced group coaching for parents, co-designed a new approach to D&I data gathering, and piloted reverse mentoring of senior leaders.

We're proud to be recognised with the Large Employer of the Year – Promoting Diversity Award by Skills Development Scotland and to receive the Scottish Union for Supported Employment Inclusive Employer Award for the second year running.

Our business continues to evolve in response to the challenges facing the UK. We're committed to creating a fulfilling working environment where our diverse teams can reach their full potential and enjoy long-lasting careers.

We're here to help our people to thrive, challenge and lead the UK towards a **better future, quicker**, for all of us.



Keith Anderson
CEO ScottishPower

“ This year we have an exciting opportunity in front of us to continue to strengthen our diverse team through our biggest ever recruitment drive - creating 1000 new, green, jobs right here in the UK.

As the UK moves away from fossil fuels, we're helping to shape the future of energy. Speeding up investment is critical to tackling the climate emergency and we are proud to have secured a record number of vital new projects across our renewables and networks businesses.

We know that a successful, affordable, and just energy transition to Net Zero, requires a diverse team with the passion, skills, and talent to make vital change happen. That's why we're investing in the right tools, training, and programmes to create an inclusive, supportive, and innovative environment for our employees, our customers, and the communities we serve.”

Delivering a better future, quicker through diversity & inclusion

In 2022, we launched a recruitment drive for 1,000 green jobs to be filled over the next year. We're using this opportunity to tackle skills gaps and diversity issues facing the industry while helping to deliver the UK's net zero emissions targets.

Over the past year, we've launched a series of inclusive recruitment initiatives to support the business through an exciting period of growth and innovation.

ScottishPower Head of Recruitment, Lyndsay Scullion outlines how these targets have been achieved.

Fuelling growth through inclusivity:

"The recruitment team is the first touchpoint that a potential hire has with ScottishPower, so we must make it clear that inclusivity is one of our guiding principles.

"By successfully communicating and connecting with a broader audience, we improve diversity and access to talent.

"That in turn drives higher performance. We have made important changes to how we

assess graduate and apprentice candidates, including reducing the emphasis placed on the initial online cognitive tests, as analysis showed this was creating unequal barriers for some demographics.

"Our new approach brings cognitive tests together with soft-skills assessments, providing a holistic view of candidates, reducing barriers for many talented people whilst recognising there is a range of attributes that make successful recruits.

"We've also launched engaging social media recruitment campaigns to target wider audiences for our graduate and apprenticeship schemes across Snapchat, TikTok and Instagram. We have ensured recruitment messaging on these platforms communicates ScottishPower's climate ambition, as analysis shows that many underrepresented demographics are often more purpose-driven in their career choices.

"Finally, we aim to ensure that our hiring processes contain representation from a range of demographics. This includes inviting diverse leaders from the business to join recruitment days, providing insight into the opportunities available with ScottishPower."



2022 - key achievements:

- Total applications for entry-level graduate and apprentice roles rose by 214% through broadening the range of audiences that the business connects with through recruitment channels.
- Continuing year-on-year progression, in 2021 27% of graduate hires were female and by the end of 2022 33% of graduate hires were women.

Gender Pay Gap Results

We're working hard to improve gender representation and both our median and mean gender pay gaps continue to fall year-on-year. However, the average hourly rate of all our male employees is greater than our female employees. This is driven by two key factors:

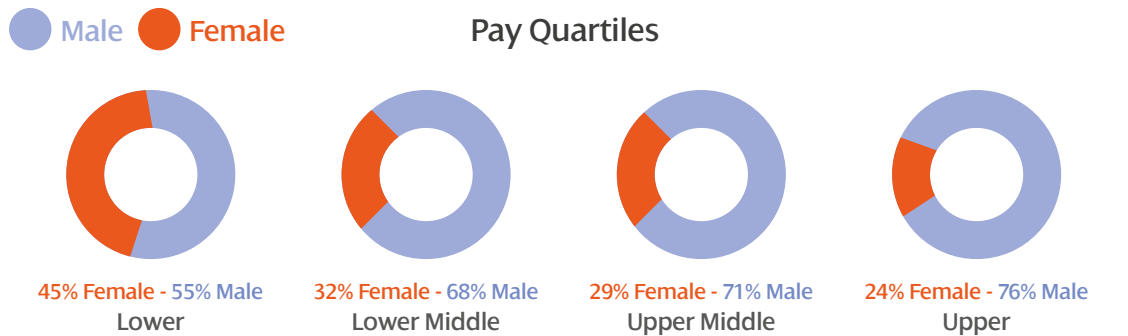
- There are currently more males than females in senior roles with 68% of our Senior Leader Roles held by males.
- We have more males performing technical roles that command a premium in the market. These roles also receive allowances to compensate for unsociable work patterns.

In 2022, the proportion of females in our senior management population increased to 32% (2021 26%) which saw us outperform our aspirational target to increase the number of females in our senior leadership population to exceed 30% by 2022.

We have maintained the proportion of females in our middle management population at 31% (2021 31%). This is a result of continued growth in our SP Energy Networks and Renewables businesses and reflects the pipeline for external talent.

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

PAY GAP		
	2022	2021
Mean	11.7%	14.1%
Median	13.7%	15.7%



BONUS GAP		
	2022	2021
Mean	9.7%	21.4%
Median*	-174.8%	-58.1%

*(Median bonus gap is in favour of females)

Proportion of Males and Females Receiving Bonus



Analysis of Our 2022 Pay Gap

Our pay gap has continued to reduce year on year. We can report positive movement in our pay quartile distribution with 24% female representation in the upper quartile up from 23% in 2021, together with a reduction in female representation in the lower quartile at 45%, down from 48% in 2021.

The reduction in the mean pay gap has also been influenced by the number of senior male leavers coupled with an increase in the number of male trainees and experienced hires recruited to our SP Energy Networks business.



PAY GAP

	2022	2021
Mean	11.7%	14.1%
Median	13.7%	15.7%





Analysis of Our 2022 Bonus Gap

Our mean bonus gap has decreased to 9.7% (2021 21.4%). This movement can be attributed to several factors including the impact of senior male leavers and a relative reduction in project related bonus payments in some areas of our business. Both these factors are influenced by the representation of females in our upper pay quartile.

Our median bonus gap is reported at -174.8% (2021 -58.1%). 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 2022 and 2021 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

	2022	2021
Mean	9.7%	21.4%
Median*	-174.8%	-58.1%

*(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.

Here is what we delivered in 2022:



Belonging & Contributing

Grew our family of employee led networks with the launch of our first network focused on disability, SPARC (ScottishPower Are Recognising Capabilities)

Collaborated with all our employee networks, incorporating their insights as we develop our sustainability and just transition strategies

Piloted a new reverse mentoring initiative which has seen employees with lived experience mentoring senior leaders from across our business

Delivered group parent coaching to over 80 employees at different stages of their parental journey with a view to maximising career progression through significant life transitions



Attracting & Developing Sustainable Talent

Launched a new approach to assessing graduate and apprentice candidates, including reducing the emphasis placed on the initial online cognitive tests

Introduced better-balanced interview panels for our most senior vacancies and ensured the shortlists for these interviews include a diverse range of applicants who meet the criteria for the role

Continued to deliver inclusive recruitment training to top volume recruiters and unconscious bias training for all hiring managers



Measuring Progress

We've won the Skills Development Scotland Large Employer of the Year – Promoting Diversity and received the Scottish Union for Supported Employment Inclusive Employer award for the second year running

Worked with our employees as we design our approach to D&I data gathering to provide the insights we need when our new HR system goes live in 2023

Signed up to the Energy Leaders Coalition's Commitments - aligning with the recommendations from POWERful Women's Women in Middle Management report published in April 2022

Our 2023 Priority Areas

In 2023, we will continue to inspire an inclusive culture, helping our people to deliver a record number of green energy infrastructure projects in a fulfilling and supportive environment.

The future:

To be truly inclusive, we need to continually evolve and adapt our recruitment practices. Using insight and feedback from our colleagues, we will continue to refine our approach.

Broadening demographic and gender diversity is at the heart of our recruitment strategy. We'll strive to match the progress within our graduate programmes on gender diversity within our apprentice roles; reaching and attracting diverse audiences to apply shall continue to be a key focus for us going forward.

As we deliver our biggest ever recruitment drive for new green jobs across the country, our vision is to deliver industry-leading recruitment that creates opportunities, inspires innovation, and supports a better future, quicker, for everyone.

We've reviewed our Diversity & Inclusion strategy to consolidate the progress we've made while stretching ourselves further with specific focus on Talent, Culture and Social Contribution. Our priority areas will be.

Talent

- Delivering authentic and compelling messaging about our inclusive aspirations as we campaign to recruit 1000 new Green Jobs
- Build on the positive progress by carrying out an external audit to identify and implement improvements on how we attract, assess, and hire diverse talent through our graduate and apprentice programmes
- Enhance our existing mentoring programmes and parental coaching with further initiatives targeting female leadership development and progression.

Culture

- Collaborate with our Connected Women's network to embed the recommendations from POWERful Women's Women in Middle Management report
- Continue to review family friendly policy offerings – using insight from the legislative landscape and our sector's current employment market
- Implement improvements to how we gather Diversity & Inclusion data as we launch our new HR System and collaborate with our Connected Women's network to monitor progress using agreed metrics.

Social Contribution

- Continue to enhance our STEM in education programme to engage with thousands of school age girls and boys with exciting opportunities and initiatives throughout the year
- Build on the success of our award-winning Breaking Barriers, Pre-Employment and Returner Programmes to include more underrepresented groups
- Creating a new Diversity & Inclusion Committee with Senior Business Executives from across ScottishPower to inspire change that will benefit our customers and the communities we serve.

We support the UK Government's initiative on gender pay reporting. ScottishPower aspires to deliver the 2030 stretch targets our leadership team have set for gender pay:

- Increase the number of women in top level jobs to exceed 35% by 2030 (currently 32%)
- Increase the number of women in our middle management population to exceed 36% by 2030 (currently 31%)

We confirm that the information and data provided is accurate.



Keith Anderson
CEO ScottishPower



Sarah McNulty
HR Director



SCOTTISHPOWER

