



Gender Pay Report

2023

Introduction

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

As the first major UK energy company to generate 100% renewable electricity, ScottishPower is leading the transformation of energy systems across the UK.

We're unlocking green growth in communities across the country by investing in green energy infrastructure and jobs that will support renewable energy for decades to come.

We're undertaking a record £6.7 billion investment in the UK by 2025 to double our renewable energy generation – building capacity for electricity use doubling by 2040 as more people and businesses shift away from fossil fuels. Our investment of £6 million every working day will meet that demand.

In July 2022 we announced our largest ever green jobs recruitment campaign. Since then, we have welcomed 1,500 new hires into ScottishPower.

In 2023, we launched a new Executive Diversity & Inclusion Committee bringing together senior leaders to drive changes that benefit our customers and the communities we serve through the successful delivery of our Diversity and Inclusion Roadmap. Its initial focuses are recruitment and retention of diverse talent, and increasing the number of women in senior roles across the business.

This is already delivering results. At the end of 2023, 34% of our senior leaders and a third of our middle managers were women.

ScottishPower

This represents a 2% increase across both leadership levels since April 2022.

Our employee-led networks are also empowering everyone within ScottishPower to create an inclusive environment. Highlights from 2023 include the Connected Women Network partnering with Menopause in the Workplace, our SPARC Disability Network improving the accessibility experience of employees, and our award-winning Breaking Barriers, Pre-Employment and Returner programmes helping diverse talent into roles at ScottishPower.

This past year, ScottishPower made the biggest single investment in women's football in Scotland by becoming Principal Partner of both Scottish Women's Football and the Scottish Women's Premier League. This supports our Diversity & Inclusion programme by championing women and girls in communities across the country from the grassroots to elite sport.

In 2024, we will continue to inspire a truly inclusive culture and help our people to deliver vital green energy infrastructure projects in a fulfilling and supportive environment. We're here to empower our people to thrive, challenge and lead the UK towards a better future, quicker, for all of us.

“As leaders in the UK energy industry, we have a responsibility to set positive examples in everything we do.

“We are shaping the future of energy by investing a record £6.7 billion in UK energy infrastructure by 2025, speeding up the transition to clean, renewable energy that's secure and affordable.

“Key to speeding up the transition to net zero is creating a diverse team with the passion, skills and talent to make vital change happen. That's why we are taking every step we can to empower our people to reach their potential and to recruit from the broadest talent pools we can.

“We are committed to creating a supportive and inclusive environment for all our employees where everyone is empowered to drive change. As part of this commitment, we work to create a culture where everyone can freely share ideas and be heard, driving forward innovation and sustainable ways of working to deliver the best solutions for our customers and communities.



2024 is set to be another exciting and transformational year.”

Keith Anderson
CEO ScottishPower

Delivering a better future, quicker through diversity & inclusion

This year we've been strengthening our diverse team through our biggest ever recruitment drive – creating new green jobs right here in the UK – and putting D&I high on the agenda for our leadership team.

We want to recruit the best new talent and support all our employees – that requires investment in the right tools, training and programmes to create an inclusive, supportive and innovative environment. We like doing things differently and to be truly inclusive we know that our business must continually evolve and adapt.

Launching an Executive D&I Committee

That's why we created our Executive Diversity and Inclusion Committee. This is a group of senior executives leading the charge championing diversity across the business and improving areas of the organisation that require senior support – for example, our work to reduce the gender pay gap and roll out initiatives to challenge unconscious bias.

The committee aims to inspire change that will benefit our customers and the communities we serve by engaging influential senior leaders on the design and delivery of ScottishPower's Diversity and Inclusion Roadmap, with an initial focus on

recruitment and retention, to make sure we achieve the D&I targets that we've set.

The committee meets quarterly to discuss and debate D&I issues and our progress towards targets. This year we've focused on gender inclusion – agreeing goals and initiatives to increase the number of women in senior roles across the business. We are on track to exceed these targets and we're now looking at expanding priority areas of diversity & inclusion in the future.

Supported by an employee-led D&I Working Group

To inform the committee, we set up a Diversity and Inclusion Working Group. It provides executives with in-depth insights and support on inclusion initiatives that will drive positive changes in the business for years to come. It ensures experts are always at the heart of our decision-making and that the right data is available when it comes to discussions.

The committee provides a valuable opportunity for learning and growth across the business – paving the way for practical and targeted initiatives being deployed in the future. We're here to help our people thrive, challenge and lead the UK towards a better future, quicker, for all of us.



Delivering a better future, quicker through diversity & inclusion (cont.)

What do our team think about it?

Gillian Noble, MD Offshore Development & Operations and Chair of the Executive Diversity and Inclusion Committee, says:

“I’m proud to be part of a business that’s taking diversity and inclusion so seriously. This committee has been set up to ensure that we always consider and represent as many viewpoints as possible to remain at the forefront of our industry as we know that there is a strong link between high-quality performance and more diverse teams.”



Andrew Ward, CEO of UK Customer Business and Executive Sponsor of the Connected Women Network, says:

“Visible leadership is a powerful tool for truly driving change. It’s about listening and learning then applying that to action. The new committee has provided a safe space for discussion, debate and for tough questions to be explored. As visible senior leaders we can play a vital role in encouraging individuals to think about what actions they can take to positively impact our inclusive workplace culture”.



Helen Gaier-Laidlaw, Commercial Director (UK General Services) and Chair of the Connected Women’s Network, said:

“This year we’ve created 1000 new green jobs and ensured that diversity and inclusion continue to remain deeply integrated into every stage of the recruitment process. We’re hiring the best people and cutting through to talent in a competitive recruitment market. I’m proud to see so many inspiring, experienced and passionate women joining our teams throughout the business.”



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 aligned with more males performing technical roles that command a premium in the market. These roles also receive allowances to compensate for unsociable work patterns.

In 2023, the proportion of females in our senior management population increased to 34% (April 2022 32%) which means we're on track to achieve our target to increase the number of females in our senior leadership population to exceed 35% by 2030

We've also increased the proportion of females in our middle management population at 33% (April 2022 31%).

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

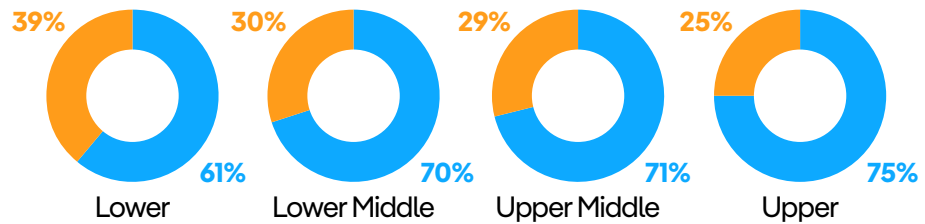
Gender Pay Gap

	2023	2022
Mean	8.1%	11.7%
Median	10%	13.7%

Key

- Male
- Female

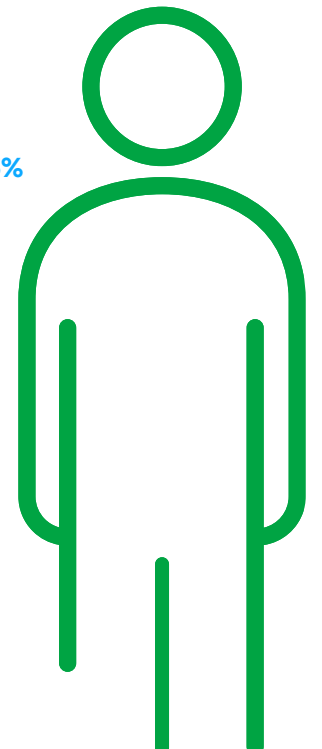
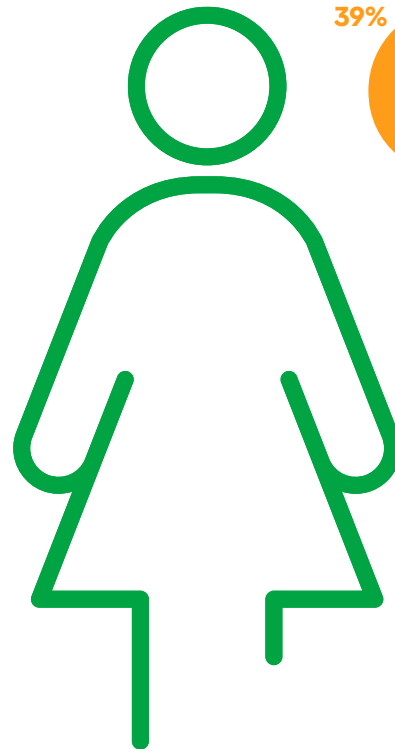
Pay Quartiles



Gender Bonus Gap

	2023	2022
Mean	36%	9.7%
Median	37.4%	-174.8%

Proportion of Males and Females Receiving Bonus



Analysis of Our 2023 Pay Gap

Our pay gap has **continued to reduce** year on year.

We can report a slight increase in our pay quartile distribution with 25% female representation in the upper quartile up from 24% in 2022.

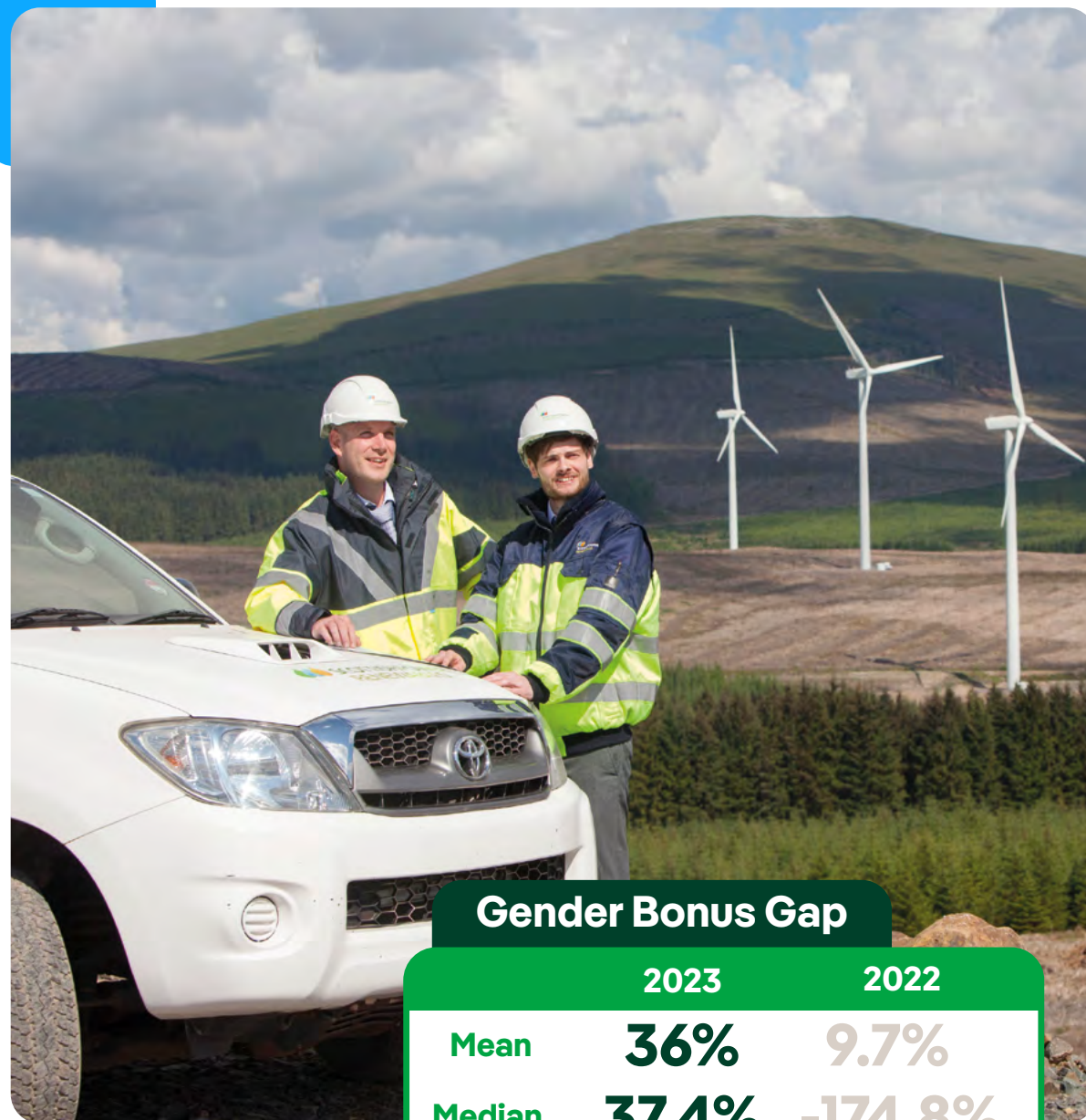
The mean pay gap has also been positively influenced by a reduction in female representation in the lower quartile at 39%, down from 45% in 2022.

This reduction has been driven by business restructuring activity, the profile of senior male leavers and the sustained high volume of male trainees recruited to our SP Energy Networks business.



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Analysis of Our 2023 Bonus Gap

Our mean bonus gap has increased to 36% (2022, 9.7%) while our median bonus gap is reported at 37.4% (2022, -174.8%).

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 2023 reporting periods and as a result diluted our bonus gap in 2022.

The nature and timing of these fixed payments represent the most significant impact on the increase to both mean and median bonus metrics specifically the higher volume of employees receiving them in 2022, compared with 2023.

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 2023:



Talent

- Delivered on our inclusive aspirations as we recruited 1,000 green jobs
- Carried out an external audit to improve our ability to attract, assess and hire diverse talent through our graduate and apprentice programmes
- Continued our existing mentoring programmes and coaching for parents while launching Her Energy a new global senior leadership development programme



Culture

- Our Connected Women network supported the introduction of recommendations from POWERful Women's Women in Middle Management report to increase ScottishPower's focus on senior leadership engagement as well as signing up to a new partnership with Menopause in the Workplace
- Engaged our SPARC Disability Network to improve awareness and employees' experiences of our adjustment process for colleagues
- Implemented improvements to how we gather Diversity & Inclusion data when we launched our new HR System and collaborated with our Connected Women Network to monitor progress using agreed metrics



Social Contribution

- Engaged with over fifty thousand school age pupils with exciting opportunities and initiatives throughout the year as part of our enhanced STEM education programme
- Developed two new employability programmes focused on social inclusion and ethnicity complementing our award-winning Breaking Barriers, Pre-Employment and Returner Programmes
- Created 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

Our 2024 Priority Areas

In 2024, 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.

Our vision is to attract talent from the broadest possible range as well as retaining talent by creating opportunities and inspiring people to be the best they can be, supporting a better future, quicker, for everyone.

Talent

- Implement recommendations from the independent Early Careers Recruitment Audit to further improve diverse candidate attraction and selection
- Maximise potential of diverse applicants to senior management roles by increasing the proportion of vacancies that incorporate balanced shortlisting and interview panels
- Launch Strategies 4 Success, a new development programme for Female Middle Management using an innovative approach to more effectively empower females who aspire to progress.



Culture

- Further Senior Leadership confidence in D&I initiative delivery through the launch of an Allies Programme
- Use insightful data on employee progression trends to identify opportunities and potential barriers to progression
- Progress Menopause in the Workplace accreditation by collaborating with our Connected Women Network and the Executive D&I Committee to determine action plan and timescales.

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
- Launch a new employability scheme in partnership with Black Professional Scotland in 2024
- Build on our SP Energy Networks business Inclusive Services certification by the British Standards and Improvement Company (BSI) to embed inclusive customer service principles across our business.



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

- Increase the number of women in top level jobs to exceed 35% by 2030 (currently 34%)
- Increase the number of women in our middle management population to exceed 36% by 2030 (currently 33%)

We confirm that the information and data provided is accurate.



Keith Anderson
CEO ScottishPower



Sarah McNulty
People Director

