



SCOTTISHPOWER

Our 2017 Gender Pay Gap Report

Inclusion and diversity fosters innovation and creativity, driving better business performance. At ScottishPower, we recognise the value of diversity and have already taken steps to ensure our workplace is supportive and open to everyone.

As Chief Executive Officer and HR Director for ScottishPower, we are strongly committed to taking the Company's approach to Diversity and Inclusion forward.



ScottishPower welcomes the steps the Government has taken to introduce legislation on gender pay gap reporting. We are working with our leaders as we believe they have a key role to play in fostering and building an inclusive culture. One where all employees are valued and there is an understanding of valuing difference and the benefits this brings to our business."

Keith Anderson, CEO ScottishPower



"I'm working to create a flexible and diverse culture that's open to change, one where our employees feel they can be themselves in a workplace that stimulates growth and innovation. Our gender pay gap reporting has helped us identify a number of areas related to gender diversity that we will address. Gender diversity is one part of our approach to Diversity and Inclusion."

Hamish Watson, HR Director



We recognise the pay gap which exists between men and women in our sector. ScottishPower is working in partnership with a number of external organisations and together we are taking steps to tackle the very real stereotypes that exist, especially around women in engineering. While our pay gap is around the industry average, we accept there is still more to do and have set specific targets in this area.

Gender Pay vs Equal 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 men and women across an organisation;
- Equal pay is the right for men and women to be paid equally for doing the same job.

Understanding Our Gap

The root cause of our gap is the under-representation of women in our workforce, common across our sector, and this is particularly noticeable in our senior and technical roles. Our data also shows there is a significant shortage of women with STEM skills which makes recruitment even harder.

Some useful background related to recruitment - in the UK women make up only 11% of Engineering professionals ([Source: Women's Engineering Society](#)) and represented just 14% of graduates from Engineering and Technology courses in 2016/17 ([Source: Women in Science and Engineering](#)).

Gender Pay Gap Results

Our pay gap is broadly in line with the national norm and similar to many engineering or utility companies.

The gender pay gap underlines the average total earnings of all men is greater than all women, driven by two key factors:

- We have more men than women in senior roles, with 79% of our Senior Leader roles currently held by men;
- We have many more men performing technical roles which command a premium in the market. These men also receive allowances to compensate for unsocial work patterns

However, our gender pay gap does not mean we have an equal pay problem or that we pay men and women unequally for doing the same job.

Pay Gap



Mean: 20.71
Median: 20.66

Bonus Gap

Mean: 21.79
Median: - 20.00



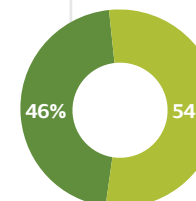
Proportion of Men and Women Receiving Bonus:

74.73

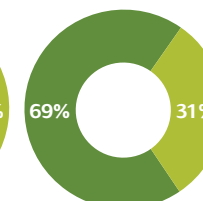
62.42



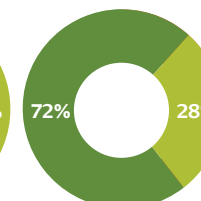
Pay Quartiles:



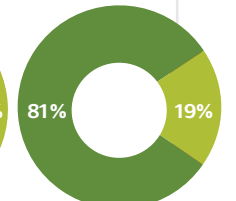
Lower



Lower Middle



Upper Middle



Upper

We have looked very closely at how we pay people and our analysis has gone well beyond the legal requirements. We have drawn three important conclusions on equal pay:

- 1 | We pay men and women comparably for doing the same job;
- 2 | our pay increases each year are the same for men and women when we take performance into account;
- 3 | we assess men and women evenly in terms of their individual performance.

We have a high degree of governance around pay processes and provide extensive guidance to support our managers when making pay related decisions. Furthermore, we will continually review our existing pay structure to ensure the market premiums for roles largely occupied by men are justified. This will allow us to ensure our pay structure always remains appropriate for our business and maintains a focus on gender parity outcomes.

Gender Bonus Gap Results

Our bonus pay gap shows that the average (mean) bonus payment made to women is 21.79% lower than men, yet the mid-point (median) is 20% higher for women. Under the regulations, employers are required to include one-off payments made in the corresponding 12 month period.

For us, this means that our figures this year include non-consolidated payments made to all employees within our networks business as part of a collectively bargained pay agreement. These payments naturally have a direct impact on our reported figures and in particular, on our median bonus gap.

Having studied the bonus programme for men and women who carry out the same job and deliver the same performance, our analysis shows they receive the same level of bonus. This is entirely in line with our desire to reward performance and contribution.



Mending Our Gap

We are determined and committed to pay for performance equally and fairly. That said we must address a number of barriers to attract and promote a greater number of women within our business. Our focus will centre on breaking down the barriers across our employee lifecycle as over time this will improve our Gender Pay Gap position whilst widening the inclusion of other under-represented groups.

For us there is no “silver bullet”, we have however looked at how we act and behave as a company and identified three priority areas which will drive improvements now and in the future.

Our Three Priority Areas:



Changing the way we recruit and select

– identify and remove potential barriers to recruitment and selection:

- Raise awareness and understanding of unconscious bias by training our recruiting managers;
- Pilot Gender Balanced shortlists and other new approaches to recruitment and selection to design bias out of our processes;
- Carry out a full review of our attraction methods to appeal to the widest audience.



Breaking down barriers for women

– inspire and encourage young people, particularly girls, into STEM careers:

- Take action to remove practices which discourage women from applying for particular roles e.g. the language we use when recruiting;
- Increase the funding of our sponsorship activities, delivering a pipeline of female talent who aspire to be engineers;
- Conduct a detailed internal review of our traditionally male dominated roles to eliminate barriers to women.



Developing and advancing talent

– working to place women in senior roles:

- Review our approach for identifying talent and allocation of development offerings to ensure they are free from bias and inclusive to all;
- Continue to review and update our development programmes, ensuring they equip women today with the skills they need for future roles;
- Examine our Reward practices and principles, ensuring they are robust, fit for purpose and free from bias.



We look forward to delivering the commitments contained in this report. Together, we will create a work environment which is fair and open to everyone. With this in mind, our Leadership Team have set two aspirational targets to break down the barriers for women:

- Increase the number of women in our Senior Leadership population to exceed **30% by 2022** (currently 21%);
- Increase the number of women in our Middle Management population to exceed **40% by 2022** (currently 29%).

We confirm that the information and data provided is accurate.”

Keith Anderson
CEO ScottishPower



Hamish Watson
HR Director

