

Our 2018 Gender Pay Gap Report

At ScottishPower, we're working every day to achieve a better future, quicker, for all of us.

By bringing together people with diverse backgrounds and experiences in an inclusive environment, we inspire innovation and creativity while enabling our team to do their best work and driving better and more sustainable business performance.

The last year has been transformational for ScottishPower as we completed the landmark journey from coal and gas; we now only generate 100% green electricity. We are proud to be different to others in our sector. At the heart of becoming the 'Utility of the Future' is innovation and diversification.

ScottishPower is committed to driving diversity in the energy industry; increasing our diverse and inclusive workforce while taking action to address the deepening skills

shortage in the sector.

We want to attract and inspire the best talent regardless of gender, age, sexual orientation, disability, ethnicity or any other factor. We value every individual's differences and the insights they bring to how we think, what we believe and who we are.

Our ambition is to create a working environment that fosters a sense of belonging and acceptance for everyone. To achieve that, we're continually encouraging new ways of behaving and working.

We'll only achieve the diversity we aspire to by becoming more inclusive in everything we do. This is how we'll build a better future for our people, our customers and the communities we serve.



Keith Anderson
CEO ScottishPower

“ At ScottishPower we believe that teams with greater diversity and inclusive leadership can offer much higher levels of innovation, creativity and success for our business and society as a whole. Closing our gender pay gap forms part of our strategy to create an open culture for all our people.”

Gender Pay Gap Results

As an industry, we still have a long way to go to achieve gender equality. Our pay gap is broadly in line with many engineering or utility companies.

The gender pay gap underlines that 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 more men performing technical roles that command a premium in the market. These roles also receive allowances to compensate for unsocial work patterns.

At ScottishPower, we always ensure men and women are paid equally for doing the same job. Our gender pay gap is not because of unequal pay.

2017

Pay Gap



Mean: 20.71% Median: 20.66%

Mean: 21.79% Median: - 20.00%

Bonus Gap



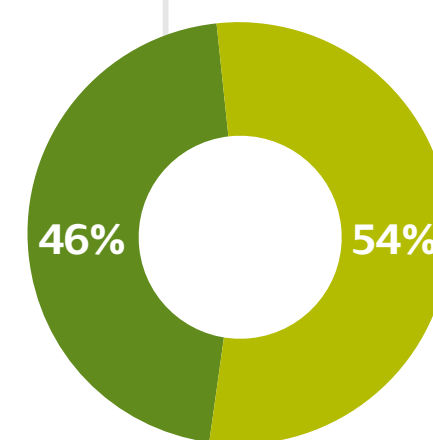
Proportion of Men and Women Receiving Bonus:

74.73

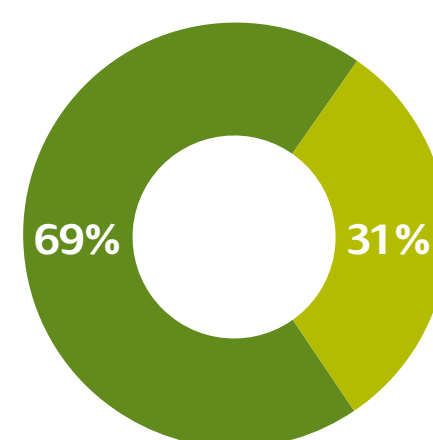
62.42



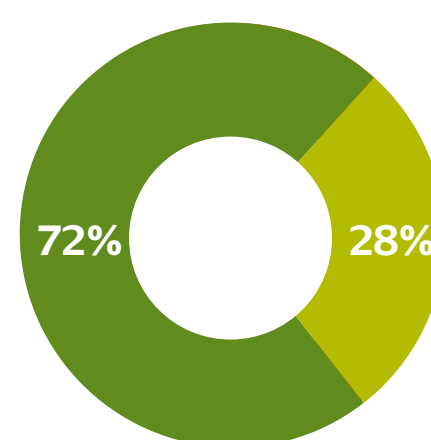
Pay Quartiles:



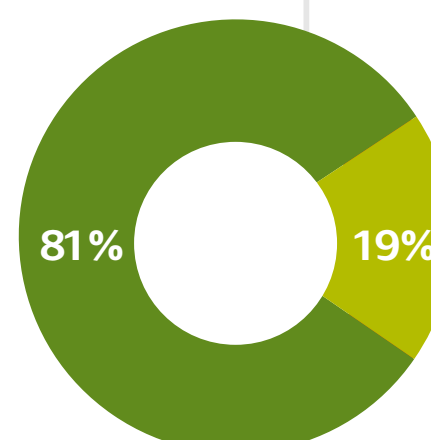
Lower



Lower Middle



Upper Middle



Upper

2018

Pay Gap



Mean: 20.40% Median: 20.53%

Mean: 36.90% Median: - 41.96%

Bonus Gap



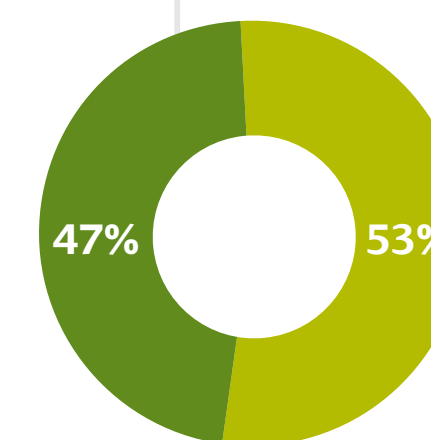
Proportion of Men and Women Receiving Bonus:

85.31

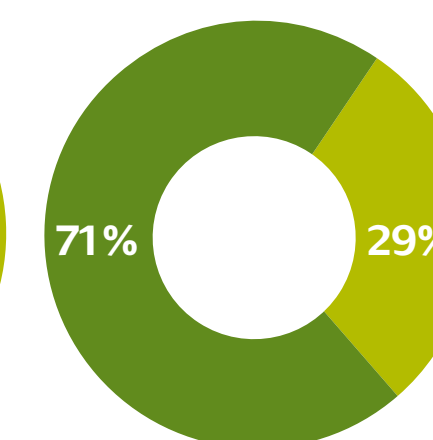
82.13



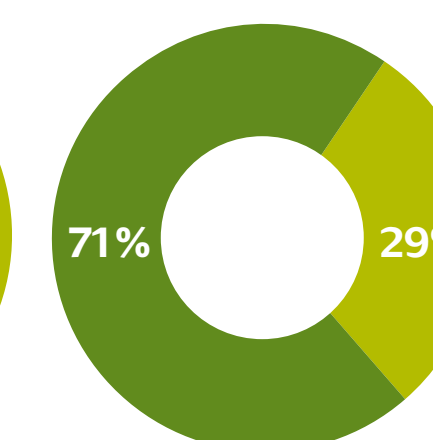
Pay Quartiles:



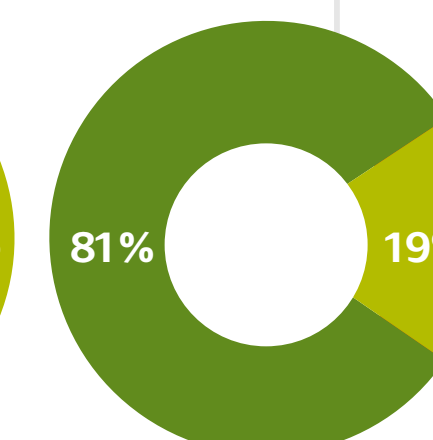
Lower



Lower Middle



Upper Middle



Upper

Analysis Of Our 2018 Pay Gap

One year into gender pay gap reporting, it is a mixed picture.

While our mean and median gender pay gaps have been marginally reduced, a significant bonus gap continues to be driven by differences in the proportion of men and women across our organisation, particularly in more senior roles.

While our median bonus gap has decreased, the mean bonus

gap has increased on the prior year. This is principally because of differences in the timing of payments to senior managers and non-consolidated payments in our collective pay arrangements.

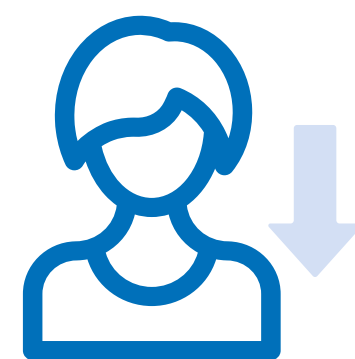
We continue to monitor our bonus programme for men and women performing the same role and delivering the same performance to ensure it is free from gender bias.

Understanding Our Gap

As only one third of our workforce is female (33%), the cause of our gap remains the under representation of women – particularly in our senior and technical roles. This issue is common across our sector.

In the UK, only

12% of engineering professionals were female in 2018 (Source: Women's Engineering Society)



...and just

14% of graduates from engineering and technology courses in 2016/17 (Source: Women in Science and Engineering).



The shortage of women with STEM skills makes recruitment even harder.

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



Our Connected Women employee network

Mending Our Gap

There is no quick fix, however, last year we identified three priority areas to drive improvements now and in the future.

The work we have undertaken throughout 2018 across these areas focused on the following:



Changing the way we recruit and select

– identify and remove potential barriers to recruitment and selection.

- **Recruiting manager training** – across the whole ScottishPower business we rolled out unconscious bias training for all recruiting managers. So far, more than 140 managers have completed the training and going forward no manager in our business can recruit without completing the training.
- **Line manager training** – new line managers now receive specific training on unconscious bias that's been built into our new front-line leadership programme.
- **Gender balanced shortlists & interviews** – we've run a pilot to test gender balanced shortlisting and interview panels through 2018 and we plan to build on what we have learned during 2019.
- **Advertising vacancies differently** – we've reviewed all messaging and imagery that appears in the vacancies we advertise and through 2019 we will continue to ensure our job adverts appeal to a broader spread of candidates.

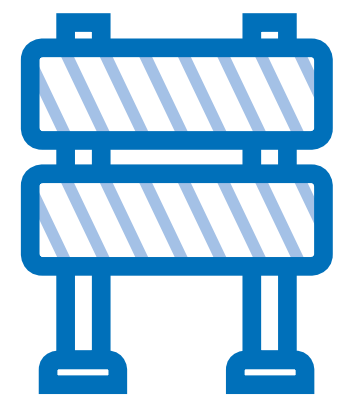


Nia Lowe
Strategic
Workforce
Renewal
Manager

Nia Lowe took part in the first round of unconscious bias training. She said:

“ As a woman in engineering, I didn't think I had any unconscious bias, but the training has opened my eyes to how I think in different situations and given me the awareness to overcome it.

I've also felt the benefits in situations other than just recruiting. By training both our recruiting managers and line managers, we are improving our workforce of the future and also supporting our existing diverse workforce to be the best they can be.”



Breaking down barriers for women

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

- **Gender neutral adverts** – all our external job adverts are now designed to remove gender specific terminology and appeal to a broader spectrum of potential applicants. This encompasses our early careers programmes including graduates and apprentices.
- **STEM Women's Returner Programme** – over the last three years we've steadily increased the number of places available for our STEM Women's Returner Programme, which provides guidance and upskilling to women returning from a career break in order to support their transition back into employment.



Our 2018 STEM Women Returners



Nicola Anderson
STEM Women's
Returner
Programme

Nicola Anderson was one of six women selected to join the STEM Women's Returner Programme last year. She said:

“ It feels good to work for a company that recognises and acts on the challenges faced by women returning to work following a break, which can be for a variety of reasons. It's important for the industry to ensure that it can thrive as a result of a diverse, skilled workforce – programmes like this make the most of potential that could otherwise be overlooked.”

- **Industry partnership working** – we continue to work with POWERful Women and the Women's Engineering Society who actively campaign to encourage women to participate and achieve as engineers, scientists and leaders. We also enjoy productive partnerships with Working Families and Tommy's Pregnancy Care.
- **Telegraph's Top 50 Women in Engineering** – in 2018 three of our employees were included in the prestigious top 50 list, which celebrates the notable achievements made by women in the sector who had either returned after a break of at least 18 months or transferred to engineering from another sector.
- **Inspiring women in sport** – SP Energy Networks has extended its rugby partnerships in Scotland and Wales to support more women in sport. This includes becoming the first shirt sponsor of the Scotland Women national squad and creation of more Welsh age group teams for girls. With our support, the number of young women playing organised rugby in North Wales has doubled.
- **STEM in education** – this year our early careers team continued to engage with school age girls and boys through a range of STEM initiatives that reached almost 21,000 children.



Our employees who were included in the Telegraph's Top 50 list in 2018



Developing and advancing talent

– working to place women in senior roles

- **Energy Leaders' Coalition** – we were proud to join the Energy Leaders' Coalition, which is committed to increasing the number of women at senior levels and middle management in the UK's Energy Sector.
- **Commitment to mentors** – we've provided more mentoring guidelines, sought to broaden our population of mentors through internal networks.
- **Gender balanced development** – by reviewing the criteria for specific development programmes we've increased the number of female applicants and we continue to monitor the gender balance across all our development offerings.
- **Bias-free rewards** – we've examined all our reward practices and principles and we are confident they are free from bias.



Scottish Leaders Mentoring Scheme



Helen Fairlie
SMART Business Case &
Reporting Manager

Helen Fairlie, SMART Business Case & Reporting Manager, who was mentored by Rebecca Pynt from Beis through the POWERful Women Mentoring Scheme, said:

“Professional development was always really important to me, so I jumped at the chance to have a mentor last year. Being paired with a mentor who has so much business acumen and industry knowledge gave me a chance to learn invaluable leadership skills and to access professional networks that would have previously been closed off to me.

Rebecca's enthusiasm for the industry and the ventures that lie ahead really inspired me and as a result I now mentor two of my colleagues who are at a similar stage in their careers that I was at five to ten years ago.”

Our 2019 Priority Areas

We've made a great start to removing barriers; however we know we still have a lot of work to do to create a truly inclusive culture. In 2019, we will continue to build on our progress so far by broadening our programme of activity to incorporate other areas of diversity.

We are ambitious about creating a business environment that is inclusive of everyone.

Last year, we engaged senior leaders across our business to get their thoughts on our plans and approach. As a result of their input and feedback, our plans will include a focus on education, leadership and policy.

Engagement & Education

- Increase awareness of all ScottishPower employees on what diversity and inclusion means for us and the communities we serve.
- Expand understandings of diversity and inclusion among managers and help them inspire their teams.
- Work in partnership with internal and external networks to gain insight on barriers to progression for talent – including POWERful Women, ENABLE Scotland, Stonewall, the Employers Network for Equality & Inclusion, the Women's Engineering Society, the Business Disability Forum, Carers Scotland, Tommy's Pregnancy at Work and Working Families.
- Continue to support and encourage the growth of our internal employee led networks including Connected Women.
- Drive extensive STEM activity in schools, colleges and universities to engage the next generation of talent.
- Deliver inspiring sports partnerships with Scottish Rugby and Welsh Rugby Union to extend reach into priority and disadvantaged communities. This includes a community partnership with RCG 1404 in North Wales to increase participation in rugby.

Inclusive Leadership

- Incorporate inclusive leadership into existing training programmes for managers.
- Continue to roll out our unconscious bias training for recruiting managers and new line managers – working hard to remove biases from our recruitment and selection processes.
- Enable more mentoring opportunities across the business.
- Work with the Energy Leaders' Coalition to address inequality in the energy industry and to support more women into leadership roles.

Policies & Approaches

- Review our policies and approaches to identify opportunities to improve inclusive practices, such as flexible working and removing barriers for all employees.
- Ensure diversity and inclusion remains a priority through regular reporting to our senior leadership team.
- Run our STEM Women's Returner Programme for the fourth year
- Ensure all job adverts appeal to a broader spread of candidates and are gender neutral.
- Continue delivering our commitment to provide bias-free rewards.

“ We have ambitious plans in place to make our business a more diverse and inclusive environment. Significant improvements have taken place in 2018 and we have extensive plans to deliver in 2019.

We support the UK Government’s initiative on gender pay reporting.

ScottishPower is committed to the 2022 targets our leadership team have set for gender pay:

- 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 30%).

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

Keith Anderson
CEO ScottishPower



Sheila Duncan
HR Director



Our latest intake of graduates at Whitelee



Our latest intake of apprentices