





## THE INTRODUCTION

Northern Powergrid is the company responsible for the electricity distribution network which delivers power to 8 million customers across 3.9 million homes and businesses in the North East, Yorkshire and northern Lincolnshire. The Northern Powergrid group\* also operates Integrated Utility Services which offers turnkey engineering solutions to its customers, across the UK and Ireland and CalEnergy Resources which participates in upstream oil and gas projects in Australia, Poland and the UK.

As set out in this report, Northern Powergrid currently has a gender pay gap. This relates to the balance of men and women in our business and the roles they carry out. It is not about pay equality, where we are confident that we ensure men and women in our business who do the same job are paid equally.

It's our people that power our business and, as a continually progressive employer, we're committed to creating a strong workforce that attracts and retains the best qualified people.

We see real value in having a more diverse workforce and are working to achieve this. As a professional and reputable employer many

of our people choose to stay with us for a long time, which we welcome and value. This is one of the reasons that the journey to create greater diversity in our business is going to take some time.

Historically, like the rest of the energy industry, the jobs in our company have attracted many more men than women. That doesn't create a gender pay gap all by itself. But the fact that men make up a much larger proportion of the people pursuing the higher-paid technical and professional roles does fuel the gap. And the fact that the reverse is true when it comes to the (typically lower-paid) administrative roles, adds to the gap.

That is not something we are happy about. We want to see it change because we recognise the benefits that a diverse workforce can bring to our business and the local economies we support. But we know it cannot happen overnight. We are actively playing our part in changing that by working with schools to make STEM subjects equally attractive to everybody at school age and working with the higher education sector to better market technical and engineering courses to all school leavers.

This will help us attract, retain and develop a more balanced technical and engineering workforce that reflects the different customers and communities we are part of and serve.

The data provided in this report has been collated and audited, and is in accordance with regulatory requirements. In addition to presenting data for each of our companies which have more than 250 employees (Northern Powergrid (Northeast) Limited ("Northeast") and Northern Powergrid (Yorkshire) plc ("Yorkshire"), we have chosen to include data for all UK based employees within the Northern Powergrid group – which looks at our company in aggregate.

\*The Northern Powergrid group comprises Northern Powergrid Holdings Company and its subsidiaries, and includes the following employing entities: Northern Powergrid (Northeast) Limited, Northern Powergrid (Yorkshire) plc, Northern Electric plc, Integrated Utility Services Ltd, CalEnergy Resources (UK based employees only) and IUS Ireland.



## THE GENDER PAY GAP

Our gender pay gap is not because we have inequality of pay between men and women who carry out the same or similar roles; it is a measure that shows that in our case the more highly paid roles are carried out, predominantly, by men. That creates the difference in the mean and median earnings between men and women in our organisation.

The mean gender pay gap shows the difference in the average hourly pay rate between men and women in an organisation.

The median gender pay gap is calculated by grouping employee numbers by gender and ordering highest to lowest the hourly pay rates for each of the respective genders. Following this the middle figure is selected for each gender and compared.



The difference between  
the average earnings of  
men and women.

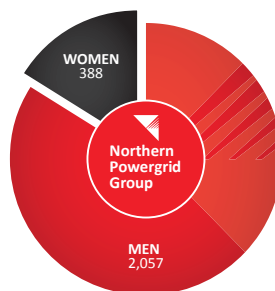


## OUR PEOPLE TODAY

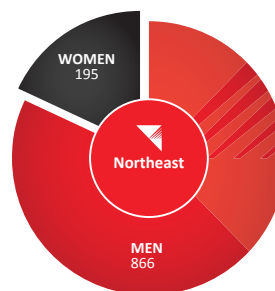
The regions we serve have a long industrial history. In common with similar companies, the Northern Powergrid group, as a business with a large engineering and technical workforce, has historically attracted a higher proportion of men than women into its more highly paid technical roles. The reverse is true in respect of administrative roles, which are generally at the lower-paid end of the spectrum. The combined effect of these factors creates a gender pay gap.

This aligns with overall UK labour market demographics for the sector and the overall UK position that fewer women have previously taken science, technology, engineering and maths subjects as part of their education and future career path.

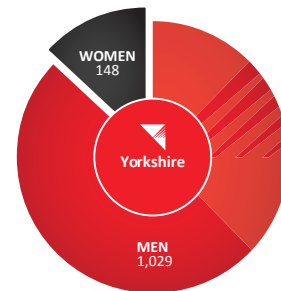
The past is what it is, but over time we want to close that gap and are working to develop a better gender balance in our workforce.



♂ 84% ♀ 16%



♂ 82% ♀ 18%



♂ 87% ♀ 13%





# OUR GENDER PAY GAP

Across the Northern Powergrid group, men get paid on average 21.5% more than women in hourly pay and 33.9% more in bonus. The table below sets out the numbers in more detail.

	MEAN PAY	MEAN BONUS	MEDIAN PAY	MEDIAN BONUS
NORTHERN POWERGRID GROUP	21.5%	33.9%	23.9%	47.9%
NORTHEAST	22.6%	25.7%	27.8%	50.1%
YORKSHIRE	17.8%	36.3%	16.2%	0.9%

In the Northern Powergrid group, 99.5% of men receive a bonus compared to 98.2% of women. For employees of Northeast, 99.9% of men receive a bonus compared to 98.5% of women. For employees of Yorkshire, 99.6% of men receive a bonus compared to 98.6% of women.

*\*All quoted statistics are as at the snapshot date of 5 April 2017*



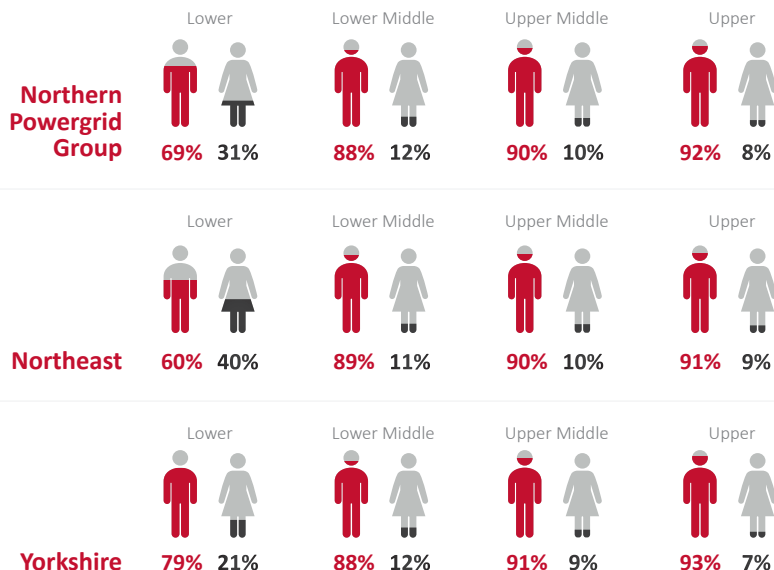
# OUR THOUGHTS ON OUR RESULTS

On examining our results closely, we note the following in respect of Northeast and Yorkshire:

- a significantly higher proportion of men than women fill the typically technical and engineering roles within our workforce that are eligible for shift and standby allowances. Currently we only have 3% of women in these roles;
- a significantly higher proportion of women (75%) than men carry out customer service (contact centre) roles, which are lower paid than our technical and engineering roles;
- we have been much more successful in recruiting a diverse profile in recent years and we have a more balanced demographic in our professional and administration (typically office based) functions where 68% are women; and
- similarly, across the group we have a growing proportion of women in personal contract roles, 40% of which are currently filled by women.

## OUR QUARTILE PAY BANDS

Based on figures for full-pay relevant employees in the lower, lower middle, upper middle and upper quartile pay bands the proportion for employees within the Northern Powergrid group, Northeast and Yorkshire are as follows:



## OUR PAY STRUCTURE

Across our businesses we have a large proportion of roles which include shift and standby allowances enabling those individuals to increase their overall income, help us deliver high quality services for our customers and meet the needs of a 24/7 business. A large proportion of these operational roles are carried out by our technical and engineering employees.

We have robust policies, processes and working practices to ensure that our people are paid equally for equal work and in line with market rates. Regardless of gender or background, if you do the same job, you're paid the same.

Through our positive industrial relations we have secured trade union negotiated agreements with published pay scales and competency frameworks for our collective bargained workforce. This ensures both transparency and equality.



## THE CONCLUSION

We recognise that there remains a challenge within our industry to attract a more diverse group of people into the energy sector and our business.

Our pay gap is a reflection of the balance of men and women in our business and the roles they carry out; it's not about pay equality, which is something we ensure is in place through our robust policies and trade union negotiated agreements.

Historically, for a variety of reasons, our technical roles have predominantly attracted men while other roles have attracted a higher proportion of women.

Times are gradually changing and we are part of the effort to accelerate that change to see more women progressing with STEM subjects - and we remain committed to encouraging this at every opportunity. Through our involvement with Energy and Utility Skills Partnership, Academy Ambassadors, the Ahead Partnership and STEM career events - we are playing our part in showing the opportunities available in our industry to a new generation of people and raising aspirations to be part of it.

Ultimately, we want the strongest workforce possible, which means drawing from the widest possible group of people, reflecting the diversity of the regions we serve.

Our recruitment processes fully support this approach ensuring we focus on the skills and expertise people can bring to our business.

The gender pay gap cannot change overnight but by being a progressive employer, continuing to encourage more people to consider a career with us and forming stronger industry partnership links between education and the business world, we can support the energy industry as it moves the dial on gender diversity.



## THE STATEMENT

I confirm that the information and data provided is accurate and in line with regulatory requirements.

*Phil A. Jones*

Phil Jones, President and Chief Executive Officer, Northern Powergrid

