What does UK Power Networks’ overall Gender Pay look like?

Our Gender Pay Gap has improved in the past 12 months.

In April 2018 our Median Gender Pay Gap* was 13.02%. This is an improvement of 1.7% points over our result for 2017.

In April 2018 our Mean Gender Pay Gap was 16.52%. This is an improvement of 0.76% points over our result for 2017.

We are delighted to see that the gap has reduced on both measures and are committed to acting to reduce it year on year.

A detailed analysis of our results is set out further.

What do the figures mean?

The figures compare what men and women earn per hour on average at UK Power Networks. For every £1 per hour earned by the average female employee the average male employee earns £1.13.

It is important to understand that the gender pay comparison is not the same as an equal pay comparison. The gender pay comparison looks at all employees whatever job they do and compares what men and women are paid on average.

This is different from an equal pay comparison which looks at people doing the same or similar jobs and ensures that men and women are paid equally for the same or similar work. We are confident that men and women are paid equally for the same or similar work within each of our DNOs.

The requirement to report our gender pay gap was introduced in 2017. We publish an overall result for everyone who works at UK Power Networks and we also show results for the two parts of our business which are legally required to publish separate results.

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*The Median Gender Pay Gap is the Office of National Statistics preferred measure for the gender pay gap. We are using the median gender pay gap as our reference point throughout this document.
Why does our Gender Pay Gap look like this?

Although our Gender Pay Gap demonstrates that there is scope for further improvement, it compares favourably with the UK as a whole. When the results for 2017 were published the average result for all UK organisations was 18.4%* compared to our result of 14.72%. Full results for 2018 will not be available for several weeks.

In addition, it is important to highlight that this is an industry challenge with UK Power Networks operating in a sector which has traditionally employed men in higher paid field and engineering roles. Our gender pay gap in 2017 was lower than many of the utilities businesses with which we compare ourselves.

UK Power Networks operates in a mainly collectively bargained environment with established pay structures and this, coupled with long service, means that progression to higher levels in the Organisation takes time.

We are committed to recruiting more women and other underrepresented groups into these roles - it is widely acknowledged that there is a shortage of females progressing into STEM subjects (Science, Technology, Engineering and Manufacturing) through Education – both School and University.

This reflects in our data with only 19% of the workforce made up of females. The analysis shows that there are significantly fewer women in the professional, engineering and senior management levels of the Organisation. This is something that UK Power Networks are starting to improve and it is promising to see that there has been an increase in both the upper-middle (1.23% increase) and upper (0.79% increase) quartiles of the proportion of women.

* Source: House of Commons Briefing Paper number 7068 November 2018.
How we are closing the Gap

UK Power Networks is engaged in a number of initiatives to assist in reducing this gap.

UK Power Networks is continuing to drive its Diversity & Inclusiveness (D&I) programme as part of continuous focus on being an Employer of Choice and believe that real progress is being made.

UK Power Networks achieved the National Equality Standards Accreditation in October 2018. The Company was also ranked 16th for Diversity in the Inclusive Top 50 UK Employers. UK Power Networks has also introduced an EMPower Community in September 2018 which employees can join and make suggestions on how we can encourage equality and become more inclusive.

UK Power Networks acknowledge that to reduce the gap, more needs to be done to encourage women to join the Organisation. There are a number of career development schemes in place including Apprenticeships, for school leavers and semi-experienced opportunities, an Engineering Development Programme and Graduate Programme. UK Power Networks also offers a number of Leadership training schemes – Future Leaders, Aspiring Leaders and New Leader Programmes. There is also an established mentoring programme in place and UK Power Networks are reviewing this to see how to increase both the female mentors/mentees in the programme.

School engagement is continuing within UK Power Networks to promote STEM Industries. As part of International Women and Engineering Day, the Company organised an ‘Introduce the Girl to Engineering Day’ where a group of Year 8 girls spent the day with Graduates and Women within the Company for them to gain an understanding in our industry and possible careers.

UK Power Networks are starting to monitor both recruitment and career progression within the business for women. It is positive to see that there is an increase in females applying for roles to 18% (from 16%). This trend should continue with focus on recruitment methods to attract more females.

UK Power Networks acknowledge the ability to work flexibly is an important factor in attracting and retaining women and the Company are reviewing their Policy on Flexible Working and working arrangements.
Detailed results

This section of the report details the overall Gender Pay position for all of the UK Power Networks employing entities - namely UKPN (Operations) Ltd, UKPN (South East Services), UKPN (Transport Ltd), UKPNS (Commercial) Ltd and UKPNS (Contracting) Ltd. These have been calculated in line with the mechanisms, which are set out in the gender pay gap reporting legislation.

### Gender Pay Gap %

Percentage difference between male and female mean and median pay for the pay period including 5th April 2018 compared to the same result for 5th April 2017.

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>16.52</td>
<td>13.02</td>
</tr>
<tr>
<td>Median</td>
<td></td>
<td></td>
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</tbody>
</table>

### Gender Bonus Gap %

Difference between male and female mean and median bonus pay in 12 months prior to 5th April 2018 compared to the same result for 5th April 2017.

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>33.44</td>
<td>28.51</td>
</tr>
<tr>
<td>Median</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Proportion of males and females in receipt of a bonus in the 12 months prior to 5th April 2018.

<table>
<thead>
<tr>
<th>Females</th>
<th>Males</th>
</tr>
</thead>
<tbody>
<tr>
<td>93%</td>
<td>96%</td>
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</tbody>
</table>

Distribution of female and male employees by quartile of the UK Power Networks Salary Distribution
UK Power Networks Gender Pay by Business Entity

As required by the Regulations, UK Power Networks needs to breakdown and provide the analysis for any Business Entity that has 250 or more employees. These details can be found below:

<table>
<thead>
<tr>
<th>Business Entity</th>
<th>Number of Employees</th>
<th>Gender Pay Gap</th>
<th>Gender Bonus Gap</th>
<th>Proportion of Employees in receipt of a bonus</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Percentage difference between male and female</td>
<td>Percentage difference between male and female</td>
<td>Male</td>
</tr>
<tr>
<td>UKPN (Operations) Ltd</td>
<td>5162</td>
<td>19.01</td>
<td>16.18</td>
<td>33.79</td>
</tr>
<tr>
<td>UKPN (South East Services)</td>
<td>568</td>
<td>5.01</td>
<td>0.02</td>
<td>68.93</td>
</tr>
</tbody>
</table>

Explanation of Business Entities

UKPN (Operations) Ltd: The majority of staff are employed under UKPN (Operations) Ltd

UKPN (South East Services): This business entity employees staff within groundworks operations and recent transferred (TUPEd) staff

No separate data is required for the following business entities as they employ under 250 employees: UKPN (Transport Ltd), UKPNS (Commercial) Ltd and UKPNNS (Contracting) Ltd.
I confirm that the data contained in this report is accurate.

Andrew Pace
Director of HR, Legal and Company Secretary