

2020 Gender Pay Gap Disclosure Q&A

December 2020

Q1. How has your data changed from 2019 to 2020?

Our hourly pay gap across the UK business has reduced (mean of 1.5% this year versus 3.7% last year); and a median of 3.2% this year versus 2.6% last year). Females continue to be under-represented at National Grid, as in our industry generally, and the number of females within the UK business this year being 28% an increase of 2% compared to last year. The quartile hourly pay gap analysis shows a similar picture to last year. This can be traced back to recruitment in the lower pay bands where a greater percentage of women have been recruited.

We also note our bonus pay gap across the UK business has remained in favour of women, being -25.4% this year compared to -7.2% last year. This is due to bonus and long-term incentive awards for women that have been recruited into very senior roles over the last three to five years.

Q2. What methodology has been used to calculate the results?

We follow the methodology set out by the legislation published by the UK Government Equalities Office. Since our bonus payments are not made in April, bonus amounts are generally excluded from the April snapshot data. The bonus pay is any bonus payment paid or share-based awards vesting in the 12 months including and preceding that pay period, and therefore the data includes APP awards made in June or July 2019, and LTTP awards vested in July 2019, as well as any 'welcome payments' made to buy out incentive pay from a prior employer. The values of benefits, pension contributions and overtime are excluded from all figures.

In all percentage difference statistics, the calculation is $(\text{male pay} - \text{female pay}) / (\text{male pay})$ and therefore a positive number suggests a pay gap that favours men.

A pay gap of for example 2.6% means that for every £1 that men earn, women earn 97.4p, and a pay gap of -5% mean that for every £1 that men earn, women earn £1.05.

Q3: Why is the bonus gap negative this year?

For 2019, a number of our most senior women benefited from significant long-term incentive vesting. In particular, Nicola Shaw, Executive Director, UK who joined the Company in 2016 received her first LTI vest in July 2019 and this has pushed the overall gender bonus gap from -7.2% last year to -25.4% this year, meaning that the average female bonus payment was significantly higher than the average male bonus.

Q4. Why is only 28% of your UK workforce female?

We aspire to have more women account for a higher proportion of our workforce and have a number of initiatives underway to achieve this, including: engagement with schools and using social media; continued membership of the Women's Engineering Society (WES) which actively campaigns to encourage women to participate and achieve as engineers, scientists and as leaders; signing up to the POWERful Women pledge. In 2018 we joined the Energy Leaders' Coalition which is committed to increasing the number of females at senior and middle management in the UK energy industry. Internally, we continue to prioritise and support a range of activities including our 'Women in National

Grid' (WiNG) employee resource group who launched 'Remarkable 3' - a role model book and campaign to celebrate the diverse talent in National Grid. The active involvement of our leadership in supporting all of our programmes is an important factor to building an inclusive culture.

We note that in 2018 the Women in Engineering Society (WES) report that 12.3% of engineers in the UK are Women.

Q5. Why haven't you disclosed data for US employees or on ethnicity for the UK?

As part of our commitment in being a responsible employer, we regularly review pay information by both gender and ethnicity in both the US and the UK. At the moment, the legislation is currently specific to UK and gender. However, our annual report contains additional information related to inclusion and diversity.

We recently launched our Responsible Business Charter, this includes our commitment to be as transparent as possible internally and externally on gender and ethnicity and race, and to maintain fairness across the organisation for pay and make sure that our pay practices do not show bias, and to work until pay equity is achieved for our people. In order to support this commitment, we will be publishing our Responsible Business Report in May 2021 and we will include data on gender and ethnicity pay for the whole of National Grid. The responsible Business Charter can be found by following this link:

<https://www.nationalgrid.com/responsibility>

Q6. Why do you not disclose the data in the annual report?

We signpost readers of the annual report to where more information about the UK Gender Pay Gap can be found and therefore do not feel it is necessary to duplicate the content in the annual report.

<https://www.nationalgrid.com/group/responsibility-and-sustainability/understanding-our-uk-gender-pay-gap>

[\[Obviously we need to update this link, so updating the external website, and I suggest Grid:home\]](#)

Q7. Why is the pay gap higher for ESO than the other entities?

The Pay Gap for ESO has remained steady, at 12.6%. This remains higher than other National Grid entities because of the higher proportion of male employees in Senior staff technical engineering roles which attract a premium for undertaking shift roles. Since shift pay represents 'regular pay' it is included in the statutory Gender Pay Gap calculation. It is worth noting that the pay gap is related to the challenge of recruiting women into technical engineering roles, and to working shifts. ESO continues working towards improving this gap; however, we note that the gap continues to be materially narrower than gaps in other related businesses based on disclosures available on the government gender pay gap website.

Q8. How has the proportion of women promoted in your UK workforce changed this year compared with last year?

The proportion of women promoted versus males has remained at around the same level (33.0%).

Q9. How has the proportion of women increased in leadership roles and in your high potential pool?

Our female representation in leadership roles (Bands A-D) has remained static yr-on-yr at 35.0% (the COVID-19 crisis has notably restricted our hiring activities). Whilst the proportion of those deemed to be high potential has continued to grow and now stands at 42.9% female.

Q10. Why haven't you reported gender pay gap data for: National Grid Commercial Holdings, National Grid Metering, National Grid plc, National Grid Property Holdings or National Grid UK Pension Services?

Each of these Companies employs fewer than 250 employees and therefore, consistent with the UK Government Equalities Office regulations, we are not required to report gender pay gaps. Pay data for individuals employed within these entities is included in the overall gender pay gap calculations disclosed in our UK-wide results.

Q11. What actions are you taking to reduce the Gender Pay Gap.

We have a range of initiatives in place to help us to meet our commitments in the recently launched Responsible Business Charter, <https://www.nationalgrid.com/responsibility>

This includes our commitment to be as transparent as possible internally and externally on gender and ethnicity, and to maintain fairness across the organisation for pay and make sure that our pay practices do not show bias and to work until pay equity is achieved for our people. In order to support this commitment, we will be publishing our Responsible Business Report in May 2021, and we will include data on gender and ethnicity pay for the whole National Grid.

We believe a continued focus on these priorities, and our continued focus on all aspects of inclusion and diversity will lead to achieving pay equity for all our people over time.