

Cadent Gas Ltd Gender Pay Statement 2017

At the heart of our business we are the largest UK gas distribution network, responsible for keeping the energy flowing to over 11 million customers.

We are committed to having a responsible, diverse and inclusive workforce. We recognise that our sector is traditionally engineering-led and has been male dominated, something we want to help change.

As we publish our gender pay gap report, we are able to demonstrate where we are making some good progress, and also identify where we have further opportunities to improve and address key areas of imbalance.

Our Gender Pay Report

Gender pay gap reporting shows the difference between the average (mean or median) earnings of men and women. This is expressed as a percentage of men's earnings, e.g. women earn 7% less than men.¹

Gender pay gap reporting is a critical step that will inform our plans to attract, retain and develop a diverse talent population across our organisation. As we re-establish ourselves as a new business, we continue to build upon the progress in addressing gender pay and bonus differences, and commit to continually reviewing our policies and practices to ensure they are fair to all, and this includes actively reviewing decisions around our annual performance, pay and bonus.

Cadent gender pay figures



Mean: This provides an understanding of gender disparities in income. It focuses those on high earnings (predominately male) compared to those on very low earnings (predominately female).

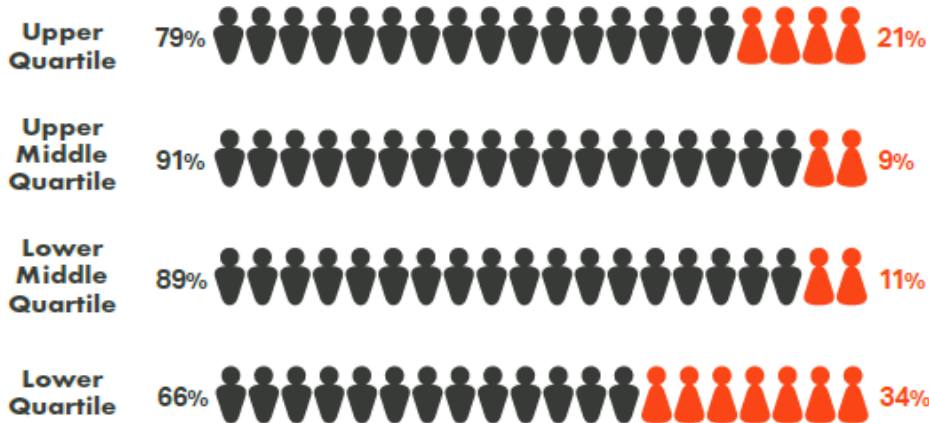
Median: This is the "middle" point of the employee population. It compares typical values and is less affected by extreme values such as a small number of high earners.

The UK average gender pay gap is: 18.1%

Source: ONS 2016 (Office of National Statistics)

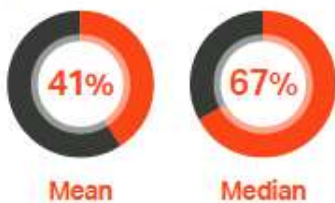
1. Gender pay gap reporting is different to equal pay. Equal pay is about ensuring men and women who carry out the same jobs, similar jobs or work of equal value are paid the same. It is unlawful to pay people unequally because they are a man or a woman. Gender pay gap reporting is about the differences in the average pay between men and women.

Proportion of male and female employees by quartile pay



■ Male employees ■ Female employees

Gender pay gap - bonus



■ Male employees ■ Female employees

Mean: This provides an understanding of gender disparities in bonus. It focuses those on high earnings (predominately male) compared to those on very low earnings (predominately female).

Median: This is the “middle” point of the employee population. It compares typical values and is less affected by extreme values such as a small number of high earners.

93% proportion of males receiving a bonus payment

94% proportion of females receiving a bonus payment

What do the figures tell us?

We are pleased that both our mean and median pay gap stand below the UK average gender pay gap while still recognising that we have further work to do. We

are committed to consistently reviewing and addressing any imbalance we have within our business.

When looking at our pay gap it is predominantly driven by two key factors. Firstly, we have more men than women in senior roles, and secondly, very few (less than 0.5%) of our field force are female, and the total package for these employees has various elements of ordinary pay.

We recognise the noticeable bonus gap. There are numerous factors that have affected the bonus gap, and this is driven in the main by there being more men in senior higher-paid roles within the business. In addition, bonus payments are higher for our field-based employees, and they increase in disparity by 20% in bonus pay when added to our staff and manager population. The majority of field-based employees are male and this is also the largest group that make up the organisation, therefore having a significant impact on the bonus gap.

The quartile analysis shows that females are under-represented in our organisation and this is reflected more generally in our industry. Our focus is not only to address this within our organisation, but also to support our energy and utility sector, where engineering roles have previously attracted more males than females. It also reflects the statement earlier about fewer women in senior roles.

How will we make a difference?

We're keen to build on what has been achieved to date while having a real focus on the opportunities presented in this report including:

Commitment: We are committed to building on our foundation to encourage women into the engineering and utilities sector. For example, one of the ways we are doing this is through our membership and active participation in Energy & Utility Skills and participation within the Skills Partnership Group*. Another is through our own female employees advocating for the engineering sector. Mumtaz Patel our Performance and Assurance manager says: "I like to use and share my experiences to the next generation of girls who might like the idea of a career in engineering. I tell them it's far from a mundane job; every day is different and rewarding."

**This group has an objective to 'focus on the engagement, attraction and awareness by the sector of key target audiences including: Women, BAME, Service Leavers, Parents, Unemployed, and NEETS'*

Diversity: Inclusion and diversity across Cadent is essential. We are supporting development across all business areas by implementing peer to peer networks. Hilary Buxton, Cadent's Lead Engineer says: "As a company we are increasing our focus on developing our engineering workforce. I do a lot of work mentoring young engineers, male and female, and it is immensely rewarding."

Another of our initiatives is the Spring Forward programme. The programme is designed to coach, train and support the ongoing empowerment and confidence for women in the work place, with proven benefits in the wider industry. Cadent is looking forward to celebrating its success.

Clarity: Ensuring there is clarity and fairness across our whole employee population and that this is reviewed on a continual basis. Ensuring that we justly reward the hard work of all of our employees through the end of year processes is one of our high priorities.

Our focus remains on having a diverse and inclusive workforce and we understand that we have work to do to achieve this, not only within our organisation but also across our industry as a whole.

Chris Train

A handwritten signature in black ink, appearing to read 'Chris Train', with a stylized flourish at the end.

Cadent Chief Executive Officer

The information in this statement is accurate and in line with the statutory requirements.