



Gender pay gap report 2024

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Welcome

I'm delighted to introduce our second Gender Pay Gap Report, an important part of our deep commitment to having a more diverse and inclusive National Gas business.



The energy industry has for many years been male dominated but this is slowly changing and is something we strongly embrace.

As a relatively new business, we've recognised from the start that organisations with diverse workforces perform better. Of course, this only really works when there is an inclusive culture, too, and that has also been a major focus for us. We've made inclusion a top priority as we strive to create a business where people feel free to bring their whole selves to work.

This year, I'm very pleased to report that we have turned the dial on the gender pay gap. We have reduced our figures on both the 'mean' and 'median' metrics. This is largely due to the increase in the proportion of females in the top 25% of earners in our organisation.

The gender pay gap is often caused by having a lower proportion of females in senior leadership roles and a higher proportion in lower paid roles. That's why we're committed to improving female representation at all levels and I'm very pleased that we've seen increases in the top tiers as we create a more equal and diverse organisation.

We're also pleased that, at 1.6%, our mean pay gap continues to be lower than the UK average, which itself has reduced to 7.7% as reported by the Office for National Statistics for 2023. In addition, our median pay gap decreased from -0.2% to -3.3% in 2024 compared to the previous year.

Of course, there's always more to do. We will continue to focus on closing the pay gap and to attract, recruit, and retain females, while also seeking to progress our female talent into the senior roles within our

We've made inclusion a top priority.

business. As we look to the future, our ambition remains for the people who make up this great business to reflect the customers and communities we serve. Data will continue to inform the actions we take to drive improvements and our pay gap reporting will continue to be an important data source.

This year's report indicates positive progress. Change takes time but I'm confident that at National Gas we have the right plans to build an outstanding, diverse workforce at every level.

Sarah Stanton
Chief People Officer

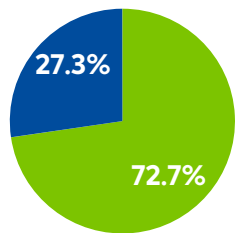
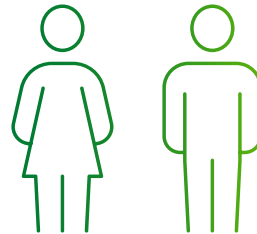
Workforce and gender mix

**Employing
1,867 people**

National Gas employed 1,867 people in April 2024. This comprised 1,687 colleagues working in National Gas Transmission and 180 colleagues in National Gas Metering.

We are delighted that our gender pay gap is 1.6% and continues to be lower than the UK average of 7.7%.

The gender split of the whole organisation showed that 72.7% of colleagues were males and 27.3% of colleagues were females.



Traditionally, there has always been more men than women in the UK energy industry and this is mirrored in our gender make up, too.

Pay gap methodology

All data and information was compiled using standard methodologies set out in the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, and with reference to the ACAS guidelines where appropriate.

The information provided is based on a 'snapshot' date of 5 April 2024, with the 'pay period' described as 1—30 April 2024. The number of colleagues included in this data is lower than the total number of employees working at National Gas. This is because reporting regulations require a number of individuals to be deselected from the data.

	Numbers of people in scope
Hourly paid pay gap	1,636
Bonus pay gap	1,435

This includes the requirement to exclude anyone who:

- started after the start of the pay period
- left before the end of the pay period
- had any absence that affected their pay (eg. sick pay or maternity)
- received any other payment that made their pay period payment irregular

Mean and median

The regulations require the mean (average) and median (middle) figures to be reported for both hourly pay and bonus.

The mean difference is the difference in average hourly pay, adding all pay rates together and dividing by the total number of people. The median difference is the difference in hourly pay between the middle paid male employee and middle paid woman employee (the individuals at the mid-point if you were to line all employees up from the highest paid to the lowest paid).

It is important to remember that gender pay gap information is different to equal pay situations. At National Gas, we have two ways of determining pay, depending on the role:

1. Staff pay is allocated according to one of two job family pay ranges, at the level that the role has been evaluated. These pay ranges are part of our collective bargaining process with recognised trades unions.
2. National Gas also operates a rigorous process to determine pay for managers and leaders. For these people, a range of pay is determined from a benchmarked market reference point (MRP), with the use of a job evaluation methodology.

Data and analysis

Mean gender pay gap analysis

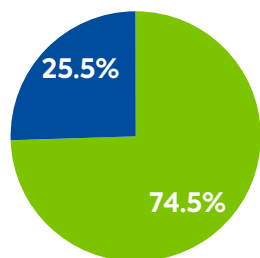
Our mean gender pay gap has decreased from 5.5% to 1.6%.

Our median gender pay gap has decreased further in favour of females from -0.2% to -3.3%.

Mean gender pay gap

		Hourly pay %
2024	Mean	1.6
	Median	-3.3
2023	Mean	5.5
	Median	-0.2

Overall proportion of male and female employees



Quartiles

As the proportion of females in our organisation is around 25%, the figures in each quartile are not dissimilar to the gender make up of the whole organisation.

Having proportionally more females in the organisation this year has impacted every quartile, as they have all seen an increase in female percentages.

It should be noted that this year there has been a significant increase (over 7%) in females in the upper quartile, from 18.7% in 2023 to 25.9% in 2024. This shows that there has been an increase in female senior leaders at National Gas which has positively impacted the pay gap and its reduction to a mean of 1.6%.

There is also a slightly lower percentage (29.3% - 2024; 29.5% - 2023) of females in the lowest quartile and this has also contributed to the overall hourly pay figures this year.

When looking at the quartiles in detail we see that there is the same pattern as last year, that the lower middle quartile is the quartile most highly populated with males.

In National Gas, this group (those paid from 25% to 50% in the rank order) covers many colleagues in the field force, which is the most highly male populated part of the workforce. Whilst there are over 4% more females in this category than in 2023, it does still show a significant leaning to the field force.

Proportion of male and female employees by quartile

	Male	Female
Upper quartile	74.1%	25.9%
Upper middle quartile	72.1%	27.9%
Lower middle quartile	81.2%	18.8%
Lower quartile	70.7%	29.3%
Overall	74.5%	25.5%

Gender bonus gap data and analysis

Proportion of bonus payments

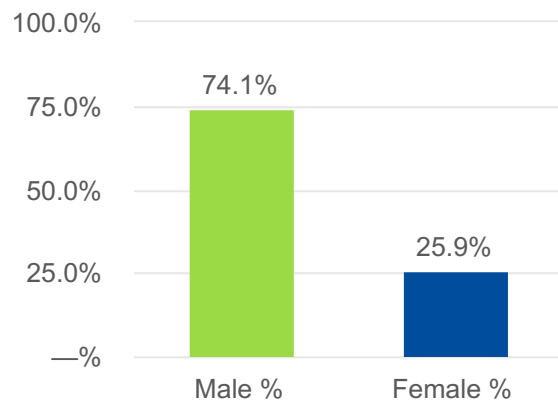
The number of individuals receiving bonus payments, deemed 'relevant employees' by the regulations, is 1,435 – with 1,064 males and 371 females receiving a bonus.



Increase in females receiving a bonus

Proportionally the level of females receiving a bonus is now 25.9% compared to 24.4% last year.

Proportion of male and female employees receiving bonus pay



Mean and median bonus gap

The mean bonus (incentive) pay gap has decreased this year by 3.2% to 28.7%.

Whilst there has been a reduction in the gender bonus gap this year, the mean bonus gap remains high due to the difference in bonus quantum by seniority of role.

The bonus gap data includes long-term incentive payments which mainly apply to employees at senior levels, where, even though strides have been made in increasing the number of senior females, as the bonus is a lag payment, this change is more likely to be felt in the bonus pay gap in future years.

Incentive pay

		Incentive pay
2024	Mean	28.7
	Median	5.0
2023	Mean	31.9
	Median	4.3



Belonging strategy action plan



Continuing to increase female representation at more senior levels, including a women's leadership conference open to all women with line management responsibility.



Refreshing our DEI calendar of events as part of our Belonging Strategy and continuing to support International Women's Day and other gender equity awareness days.



Reviewing our approach to hiring manager training and introducing a mandatory compliance training for all new managers which will include understanding gender bias throughout the process and encouraging gender diverse panels.



Reviewing the success of our women's development programme and running another cohort over the next year.



Recommitting to our partnership with the Women's Utilities Network which includes the opportunity of free mentoring for female colleagues.



Building on the success of the inaugural Women's Sponsorship programme, we will be extending this opportunity to more females.