

# SSE pay gap definitions and methodologies

UK and Republic of Ireland



# Pay gap definitions and methodology

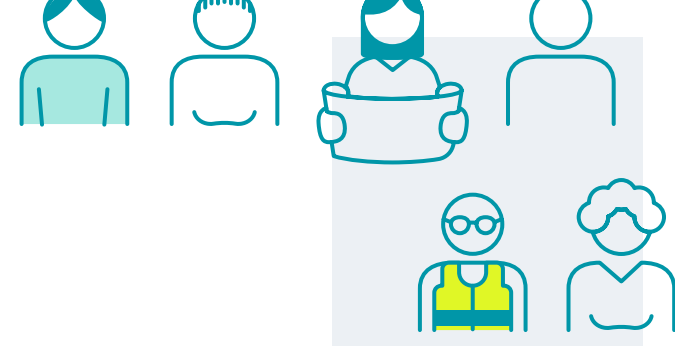
SSE is committed to providing open and detailed information about its diversity pay gaps. This document describes how pay gaps are defined and the methodology used to calculate them for SSE's UK and Ireland businesses.

As the gender pay gap methodologies vary in several ways including the snapshot date used, pay period, and pay elements, SSE's UK and Ireland gender pay gap data cannot be directly compared.



Information on SSE's pay gap reports can be found at [sse.com/inclusion](https://www.sse.com/inclusion)





# What is a pay gap?

**A pay gap refers to disparities in earnings between different groups, often based on factors such as gender or ethnicity.**

The gender pay gap measures the difference between the average hourly earnings for all the men and all the women in the business, whilst the ethnicity pay gap measures the difference between the average hourly earnings between ethnic minority employees ('asian', 'black', 'mixed heritage', 'other' ethnic groups) and 'white' colleagues in the business.

Gender information is captured from legal documentation at employee onboarding and recorded in SSE's HR data system, which maintains a 100% completion rate. In instances where employees transitioned after joining, the gender field on the HR data system is changed.

For the purposes of our pay gap reports, in line with the UK and Ireland Government methodology, the terms 'gender', 'men', and 'women; are used, whilst recognising that these do not represent the full spectrum of gender identities of colleagues.

## How are pay gaps calculated?

Pay gaps are calculated at a total company level and aim to understand gender and ethnicity balance in relation to high paying roles, tenure, recruitment, and progression. It reflects the differences in the types of roles that men and women, and employees of different ethnicities, are carrying out.

SSE's UK gender and ethnicity pay gaps are calculated using the UK Government's methodology available at the time and use a 5 April snapshot date. SSE's Ireland gender pay gap is calculated using the Irish Government's methodology and uses a snapshot date of 1 June.

## How are pay gaps different to equal pay?

Diversity pay gaps are not the same as equal pay, which is the right for all individuals to be paid the same when doing the same or equivalent job. Equal pay is legally required under the Equal Pay Act 2010 in the UK and the Employment Equality Acts 1998 to 2015 in Ireland, which SSE adheres to. SSE has robust processes in place to review pay levels and job gradings and carries out an annual review of performance ratings by gender and ethnicity. This ensures SSE has a fair and consistent approach to pay and performance.

## Mean pay gap

The mean pay gap is the difference between the average hourly earnings of two comparable groups. It is calculated by totalling the salaries and dividing this by the number of employees in that group. The difference between the average from each group is the mean pay gap.

## Median pay gap

The median pay gap is the difference between the mid-point salary. It is calculated by lining up the salaries of each group from lowest to highest and picking the middle salary, and the respective two middle salaries are compared to give the median gender pay gap.

Whilst the median is considered more accurate as it is less likely to be skewed by a small number of employees at either end of the total pay range, both methodologies are used to get a full picture of a company's pay gap as both have benefits and challenges with representing workforce pay.





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