

## UK 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 businesses. For information on SSE's current UK gender and ethnicity pay gaps, see the SSE Inclusion and Diversity Report 2025 and the SSE Sustainability Report 2025. Information on SSE's Ireland gender pay gap can be found at [sse.com](https://www.sse.com).



### 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 colleagues ('asian', 'black', 'mixed heritage', 'other' ethnic groups) and 'white' colleagues in the business.

Gender information used in SSE's gender pay gap reports is sourced from its HR data system, based on legal documentation provided at onboarding or what's been updated following a formal request by the employee. For the purposes of this report, in line with the UK Government methodology, 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 colleagues 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.



### 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 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 colleagues 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.