



2021/22

SmartestEnergy

Gender Pay Gap Report

This report and the data contained within covers both of our UK companies:

- > SmartestEnergy Limited and
- > SmartestEnergy Business Limited

Foreword



Gender Pay Gap Report | 2021/22



We launched 'SmartestEnergy's Gender Pay Action Plan' in 2018 with the ambition to ensure we created the conditions to enable gender pay equality. In essence, we needed to create a culture and policies that enable more of our female talent to reach senior levels of management. We started from a position in 2018, immediately hampered by a lack of senior female managers in our industry and the commodity trading space in particular, but we worked hard to recruit senior female talent and create the internal culture and policies to encourage our junior female talent to stay with the company longer than they might have historically, and with that, have the opportunity to progress to more senior leadership positions.

Since then, awareness and recognition of the issues around 'Black Lives Matter' have quite rightly meant that our initial gender balance strategy has developed into a diversity and equality strategy. We will be reporting separately on the actions we are taking to ensure we are an inclusive employer, creating a welcoming

environment for people of all backgrounds. But this report is centred around gender pay. You will see that we still have a considerable way to go, and I can report that we still have an unacceptable pay gap between the average pay received by men and women at SmartestEnergy. We have worked hard to make a difference, but it has not been sufficient, and this report illustrates the gap we still have to close.

Staying 'as is' is not a satisfactory response, and 'continuing as is' is clearly not working. So, that is why, in 2022/23, we will be adopting an enhanced package of measures, starting with 'gender pay equality' becoming a key business metric that I and the senior management team will be judged on, ranked alongside profit and cash as a core deliverable for us as a successful and progressive business. We have worked hard on this issue, but it hasn't been enough, and that is why we will harder be going forward. Please bear with us as we do that.

Inevitably, I can report that we still have a gap between the average pay received by men and women in SmartestEnergy. We worked hard to make a difference, but no one could have foreseen the impact Covid-19 would have on our plans for 20/21. 22/23 will have its own challenges but we are ready to continue with a strategy that adapts to the climate. The report illustrates the gap and reports back of some of the initiatives we met and others we are planning to introduce to close the gap. Global events permitting, we are still aiming to achieve this over a 3-to-5-year period.

**Robert Groves, CEO
SmartestEnergy Limited**



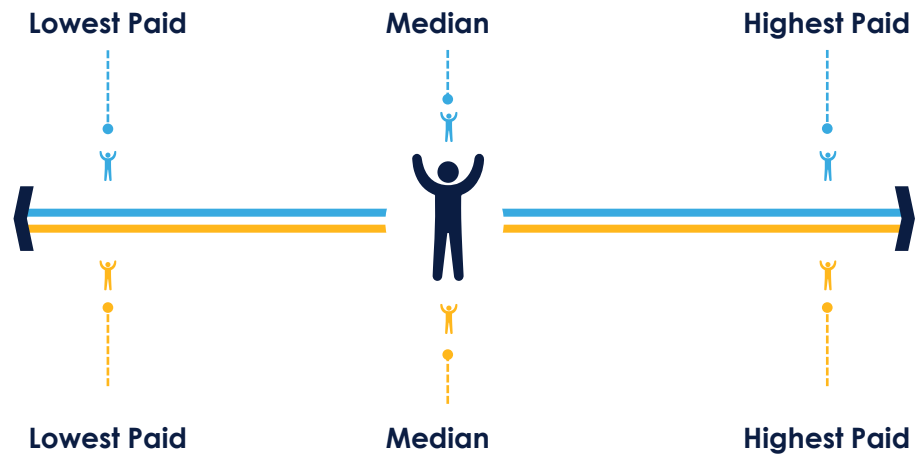
UK Legislation Explained



The gender pay reporting shows the difference in the average hourly rate between women and men in an organisation, expressed as a percentage of the average male earnings. A gender pay gap can be driven by a number of factors but ultimately it links to a lack of women in senior positions.

Distinguishing between median and mean:

Median calculation



The median is a figure that falls in the middle of a range when the wages of all relevant employees are lined up from smallest to largest. The 'median gap' is calculated based on the difference between the employee in the middle of the range of male wages and the middle employee in the range of female wages.

Mean calculation

Sum of women's hourly rate of pay



Total number of women

Sum of men's hourly rate of pay



Total number of men

(VS)

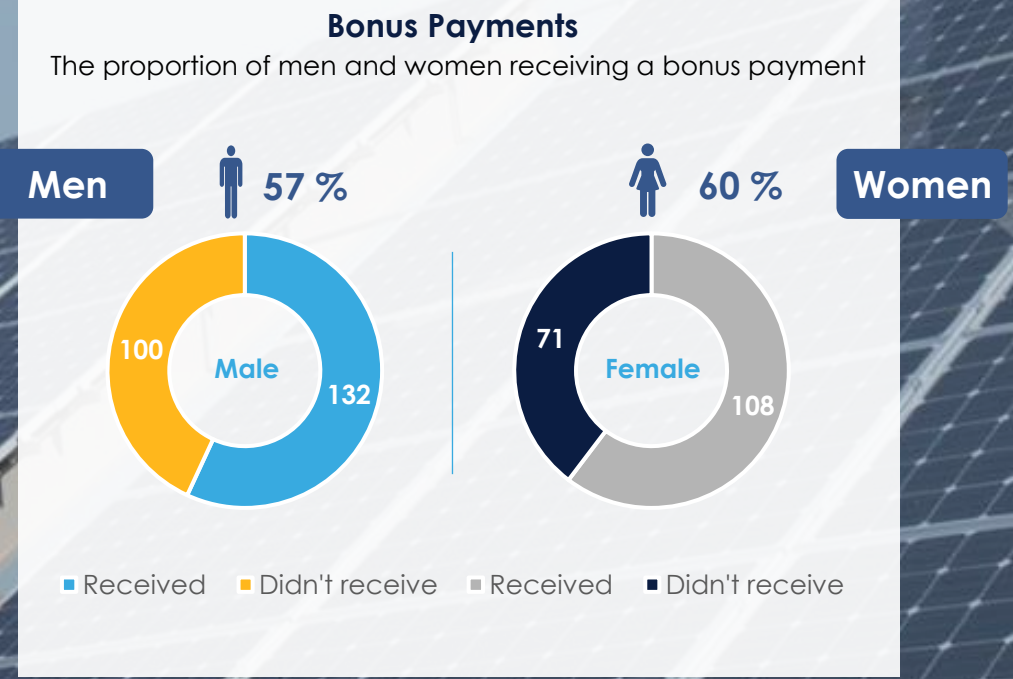
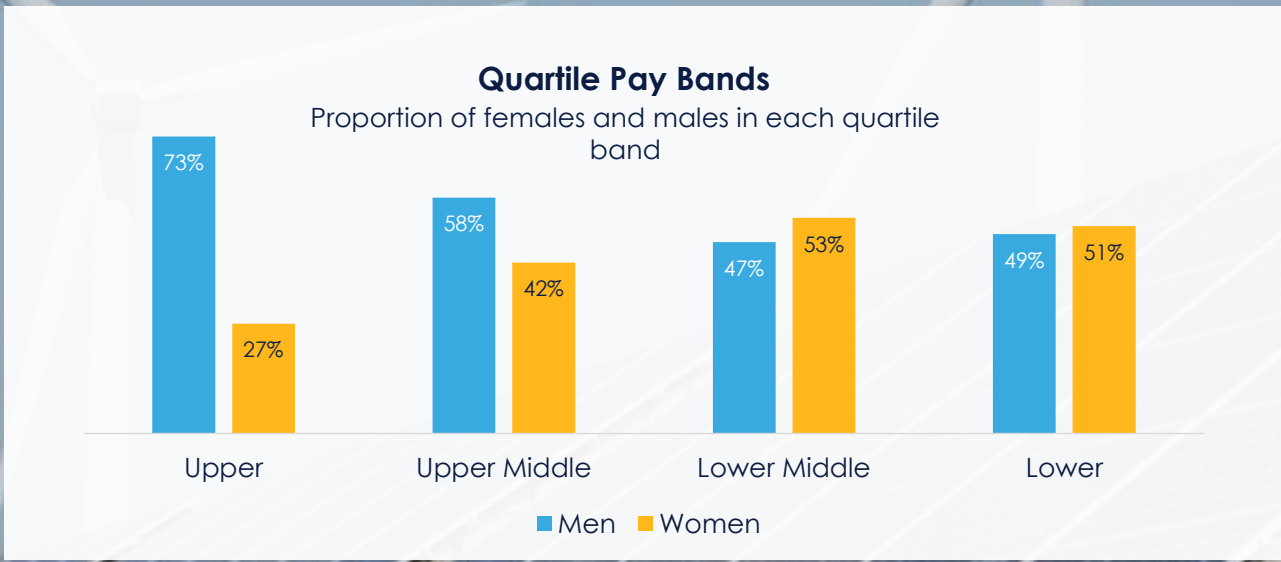
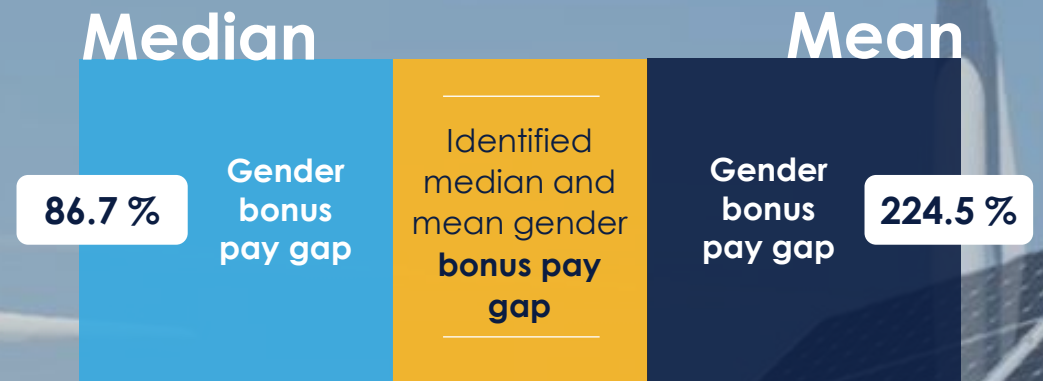
The mean is calculated by adding up the wages of all relevant employees and dividing the figure by the number of employees. The 'mean gender pay gap' is calculated based on the difference between mean male pay and mean female pay.

Smartest Energy follows the calculation methodology set out by the Government's Equalities Office to report their mean and median gender pay gap, bonus gap, and distribution across pay quartiles.

Interested in learning more?

Read more via [GOV.UK](https://www.gov.uk) about gender pay gap reporting calculation methodologies and requirements.

Our current numbers





Median and mean pay gap

We pay our male and female staff equally where their roles are similar in stature and scope for each of our UK sites. Salaries are benchmarked on an annual basis to ensure we understand where the market rate falls and where salaries require adjustment it is applied fairly and equally. Although we apply these principles, we still have median and mean gaps.

By employing the government methodology, it confirms our median pay gap is 42.5% and our mean pay gap is 29.3%. We still have more highly paid male staff at this level than female staff resulting in gaps. However, I can report that we have successfully appointed a Vice President of Operations, and a Vice President of IT&C, both talented women.

Our C-Suite comprises 2 males and 1 female from our UK operations. We have a senior leadership team, which is 11 strong, 3 are female. We also have other managers and high earners, like our traders and sales teams, who are predominantly male and who are in the Upper Quartile also.

These metrics support the Upper Quartile data where our male colleagues outnumber our female colleagues by 75% to 25% and then influence the wide disparity in the male and female bonus pay gap where we have a higher proportion of male commercial staff.

We made a concerted effort to have a more representative talent pool across all recruitment campaigns. Recruiting into our senior positions saw success, however, these positions are still predominantly male. We operate in a sector that replicates our challenges, but we are moving forwards in building a diverse team. All Vice Presidents were given the objective to meet gender-balanced shortlists through positive action on all recruitment campaigns – and this was achieved.



Median and mean bonus gap

Although 2021/22 continued to be hampered by the pandemic with the operational and economic restrictions imposed by Covid-19, we did manage to reward our teams with bonuses across the board. This was a major improvement from the previous year.

Again, using the government methodology also confirmed a gap. Our median bonus gap is 86.7 %, and the mean bonus gap is 224.5%.

The people who were paid the largest bonuses were awarded them due to sales-based

commission bonuses, predominantly male in composition. Additionally, senior managers and our traders who met target also received a bonus, again predominantly male in composition. We also have more male colleagues than female colleagues across the Group.

Although the gap between males and females receiving a bonus proportionately is relatively small i.e., 57% male vs 60% female, the amount of bonus paid favoured our male colleagues.

Quartile composition

Our data confirms that we have more men in the Upper and Upper-middle quartiles than women. This metric alone explains why we have median and mean pay gaps. Our lower middle and lower pay quartiles almost level themselves out but do show stronger numbers for our female colleagues.

Achievements

So, what did we achieve through Smartest Balance in 20/21?

We formed and established two working groups and a governance group comprised of all volunteers. The Equality Diversity & Inclusion Strategic Group (EDISG) is formed of CEOs and senior managers who provide strategic direction. The Community Champion Steering Groups (CCSG), comprising of 20 or so Ambassadors, work closely with our workforce, listen, act and report on what matters. We also have the Independent Equality Diversity & Inclusion Group (IEDIG), reporting directly to the CEO on the progress of EDISG and CCSG.

Smartest Balance has its own budget and spending is determined by the EDISG. A strategic plan and supporting road map underpin the progress already made through the introduction and improvement of our processes, including a full review of our family-friendly policies; enhanced inclusive recruitment processes; a full review and upgrade of our careers page; and becoming an active member of the Women's Utilities Network (WUN).

Internally, we have introduced pronouns to our signature templates, included an electronic diversity calendar and carried out a full review of our D&I training. Additionally, we have engaged a D&I expert to advise the EDISG upon best practices and our ongoing plan.



And, what are we going to do next?



In summary

With our aim to increase further representation and close the gap this year, we will introduce a new e-learning platform with a superior D&I offering. We will introduce in-person training for recruitment leads and key groups and roll out our inclusive leadership training. We will focus on our culture and relaunch our values. We will introduce a mentoring scheme and look to enhance our community presence.

All that we have achieved is brilliant, but we want to do better, and what we want to achieve in the future will drive change and our commitment towards our vision:

'to be a Company with an embedded culture of equality, diversity, and inclusion built upon inspiration, innovation, and creativity'.

We will look to develop our talent pipeline and aim to drive female development, retention, and support our current team whilst attracting new recruits with our enhanced rewards package to support females in work.

My commitment to reducing the gender pay gap in our business and promoting a diverse workforce is a priority I share with the EDISG. We will face challenges as the UK heals from the pandemic, but we are aiming to achieve this with our Equality, Diversity, and Inclusion (EDI) strategy, underpinned by Smartest Balance.

The plan we introduced last year has already made immediate changes in the way we act and the way we plan. We aim to continue with this trajectory. Year 1 has become the foundation to build upon, and we are on track to embed EDI in everything we do. It will make a real difference and as a consequence will advance opportunities for our female colleagues.

This statement was approved by the C-Suite on 4 April 2022, the information was confirmed as accurate and was signed by Robert Groves, SmartestEnergy's' Chief Executive Officer.