



GENDER PAY (DIVERSITY & INCLUSION) REPORT

2023

VITAL
ENERGI



Foreword

Building a Brighter Future for Our Industry:

The Heat Network sector is poised for significant long-term growth, with the Heat Networks Industry Council (HeatNIC) estimating up to 35,000 new jobs to be created within our sector by 2050. Our industry is projected to expand from a 3% growth rate in the UK to a projected 18% for heat generation alone by 2050. While this long-term vision presents exciting opportunities, attracting and retaining a diverse workforce remains a challenge.



Continuous Improvement for a More Inclusive Future:

At Vital Energi, we are committed to continuous improvement. While we have seen some positive movement in our gender pay gap metrics this year, we acknowledge there is still significant progress to be made. We firmly believe that fostering a truly inclusive and diverse workforce isn't just the right thing to do; it is essential for our long-term success. A team that reflects the richness of the communities we serve brings a wider range of perspectives, fostering innovation and resilience. Ultimately, creating a welcoming and inclusive environment benefits everyone – our employees, our industry, and society as a whole.

Taking Action for Sustainable Progress:

This report details our current gender pay gap figures and the concrete steps we are taking to address them. Data is most valuable when it sparks action, not just awareness. These statistics challenge us to ask, "How can we create a work environment that better reflects the communities we serve". We are committed to a multi-pronged approach. This goes beyond achieving gender pay parity. Our goal is to foster a culture of inclusion where everyone feels valued and respected, regardless of background or identity.





Investing in Our People:

This year's report goes beyond simply presenting data. We are excited to highlight specific initiatives we are implementing to create a more diverse workforce across various roles within Vital Energi. We have unwavering confidence that these actions will result in long-term, sustainable progress towards a truly inclusive future for our company and the industry as a whole.

Our Shared Passion:

At Vital Energi, our appetite for the Heat Network industry extends beyond its growth potential. We believe this sector holds the key to creating a more sustainable future for our environment and future generations. We firmly believe that diversity and inclusion are key drivers in achieving this goal.

This report is just one step on our journey. We remain committed to working collaboratively with our employees and industry partners to build a brighter, more inclusive future for the Heat Network sector.

Vital continues to be my passion. It makes me proud that the Vital family shares this view and works hard to delivery 'protect our planet for our future generations'.

Gary Fielding | Executive Chairman





Defining/understanding the terminology:

Since April 2017 under the Gender Pay Gap Regulations all organisations that employ over 250 employees are required to report annually on their gender pay gap. The gender pay gap is defined as the differences in the average earnings of men and women over a standard time period, regardless of their role or seniority.

The data presented in this report represents the gender pay gap for Vital Energi for the snapshot date of 5th April 2023 using our HR and payroll (Sage) records. The Bonus period for the purposes of the bonus calculations is 6th April 2022 to 5th April 2023.

Median pay gap:

The median pay gap is the difference in pay between the middle-ranking woman and the middle-ranking man. If all parties were placed on two lines (males and females), in order of salary, the median pay gap will be the difference in salary between the woman in the middle of her line and this man in the middle of his line.

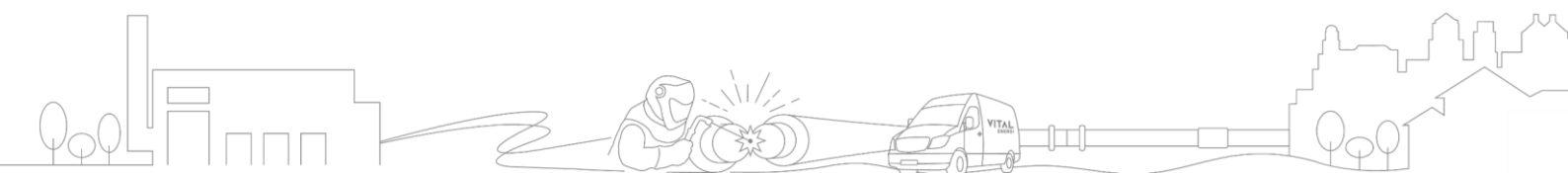
Mean pay gap:

The mean pay gap is the difference between Vital Energi's total salary spend-per-woman verses that total salary spend-per-man. The number is calculated by taking the total salary bill for each group and dividing it by the number of employees employed in the Vital Energi on the relevant snapshot date.

Calculations:

There are six calculations that show the difference between the average earnings of women and men in Vital Energi.

- 1 Mean (average) gross hourly rate of pay
- 2 Median gross hourly rate of pay
- 3 Mean (average) bonus pay
- 4 Median bonus pay
- 5 Proportion of males/females in receipt of bonuses in the last 12 months before the snapshot date of 5th April 2023
- 6 Proportion of males/females in hourly rate of pay quartiles (four bands)





What the stats say:

Vital Energi's figures are reporting on 585 full-pay relevant employees on 5th April 2023. Of this population, 84.2% were men and **15.8% were women** (92 females in total), compared to 84.6% and 15.4% respectively last year, it is important to acknowledge the ongoing challenge of attracting women to our industry, particularly in engineering and operational roles, as reflected in our employee demographics (15.8% female).

We are actively working to broaden diversity across all aspects of our workforce, including age, ethnicity, and neurodiversity, to create a more inclusive and representative team.

Pay Gap data:

MEAN - APRIL 2023

26.85%

(% lower for women)

MEDIAN - APRIL 2023

34.51%

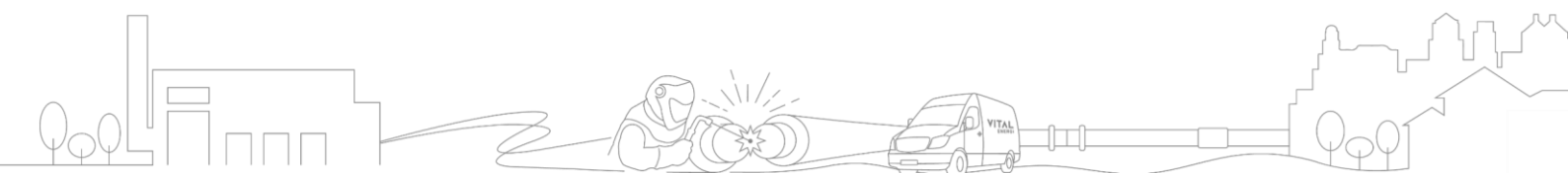
(% lower for women)

Analysis of this data:

- Our **mean** gap has **narrowed to 26.85%**, a decrease from 31.4% last year.
- The **median** gap has also shown improvement, **falling to 34.51%** compared to 39.2% in the previous year. We remain committed to closing this gap further.

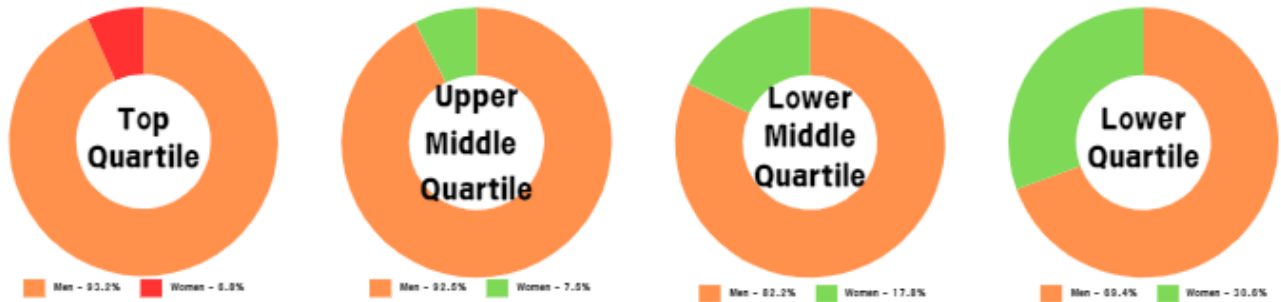
In terms of our **Bonus statistics**, the following calculations can be shared:

- Mean gender bonus gap is **64.9%** lower for women (point 3.), this compares to 69.1% last year
- Median gender bonus gap is **67.7%** lower for women (point 4.), this compares to 64.3% last year
- The proportion of male employees receiving a bonus is **6.4%** compared to **7.7%** of females, this compares to 2.9% and 2.3 last year retrospectively





Pay Quartiles by Gender:



Positive Developments:

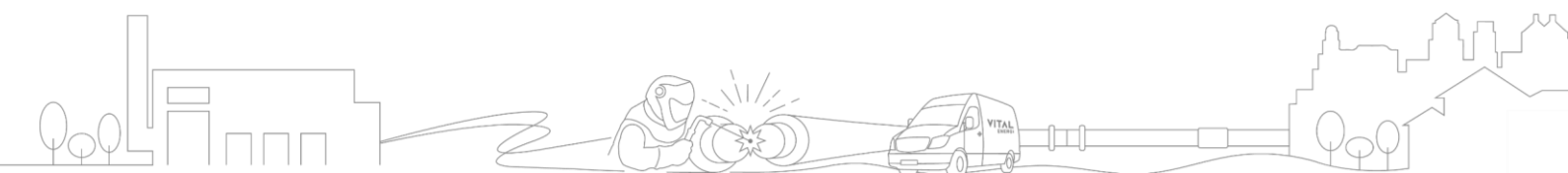
Increased Female Representation in Senior Roles: We are encouraged by the increased percentage of women in both the Middle Quartiles (22.4% in April 2022 to 25.3% in April 2023) and the reduction of percentage of women in the Lower Quartile (32% in April 2022 to 30.6% in April 2023). This suggests that our female employees are being recognised for their abilities and commitment, reflected by appointments such as our first female Board Director and several female promotions and appointments of Board Directors and Heads of Functions.

Reduced Bonus Pay Gap: We are pleased to see a continued decrease in the mean bonus pay gap; with more females receiving bonuses and fewer males compared to previous years (7.7% of females received a bonus compared to 6.4% men).

Looking Ahead:

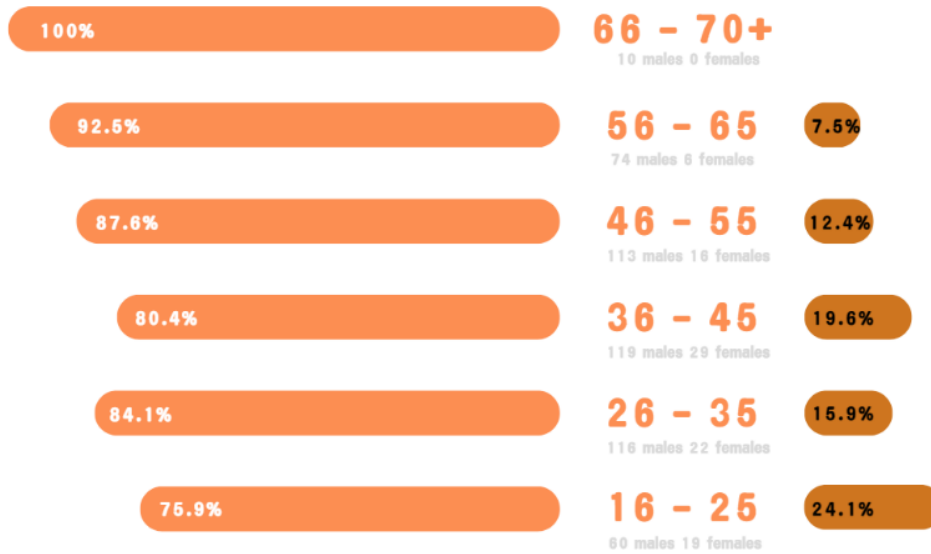
Whilst year-on-year progress hasn't met all our initial goals, we are confident in our ongoing efforts to improve gender balance and diversity. Our consistent growth in **female employees (15.8% of the total workforce)** signifies positive progress, especially within a male-dominated industry.

We remain committed to implementing initiatives that attract and retain talent from diverse backgrounds to create a truly inclusive work environment





Age profile by age band:



Data provided above shows that our **highest percentage of women reside in the lower age bracket of 16 – 25 year olds**, with a close second being with the age bracket of 36 – 45. This is a positive outcome, as it supports **the initiatives that we are creating in bringing those from outside the predominantly male industry into Vital Energi, particularly from an early age.**

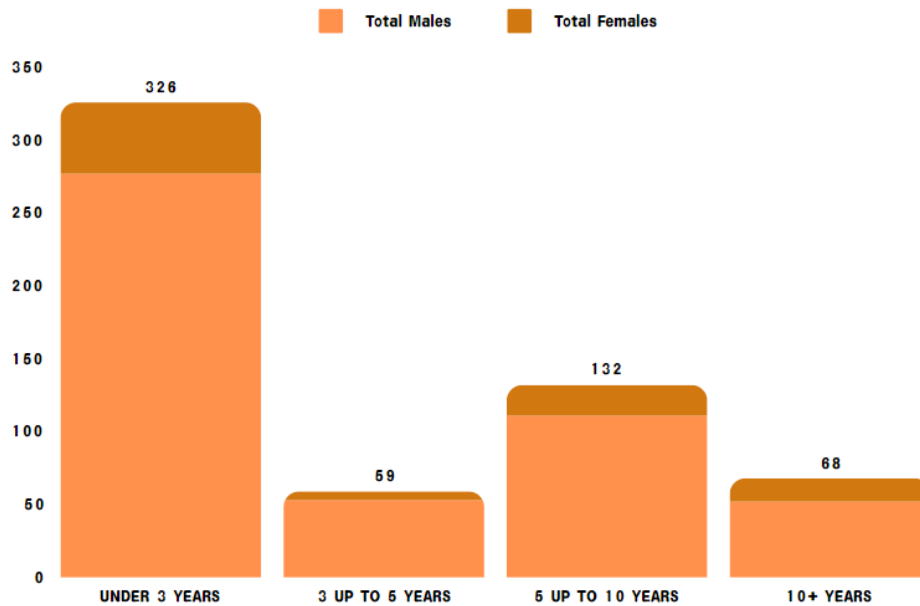
The mean age of our male counterparts is just under 42, whilst that of our female counterparts is nearly 38.

Our median middle-aged female in comparison to their male counterpart both reside in the same age profile bracket of between 36 – 45 years old; again this is positive news.





Service profile by years band:



It is positive news that over **1/5th of our employees with over 10 years' service is represented by females**, with over 15% of our employees with 5 – 10 years' service being females. Our aim is to continue working hard on improving the stats in terms of the females entering and remaining in the sector; with a view to increasing this ratio to a 75:25 split.

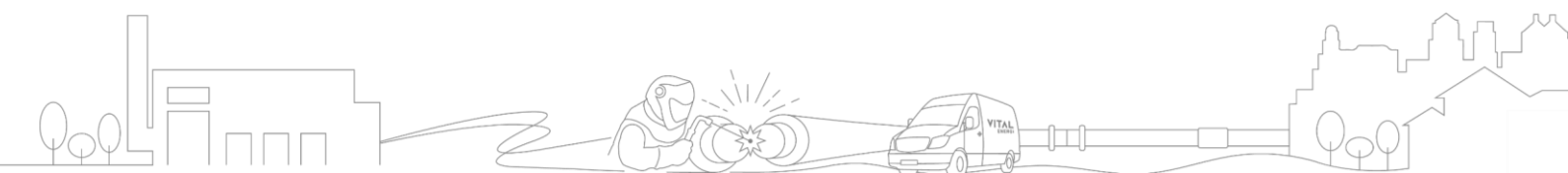
Closing the gap and making the difference now and in the future:

Building a more inclusive Future:

At Vital Energi, we are committed to fostering a diverse and inclusive workplace that reflects the communities we serve. We believe a workforce that embraces a variety of backgrounds, experiences, and perspectives leads to a more innovative, creative, and successful company.

This year's report highlights not only our ongoing initiatives but also significant new efforts to advance our Equality, Diversity & Inclusion (ED&I) goals. These include:

- > Enhanced Training and Development:** We are expanding unconscious bias training to all managers and actively participating in industry organisations like Diverse Heat Network (with our female Group CFO on the Board of the DHN) and District Heating Divas to stay informed and connected.





- > **Inclusion & Diversity Network:** We are establishing an employee-led network to encourage open communication, idea sharing, and employee-driven initiatives to promote inclusion.
- > **Targeted Recruitment:** We are refining our recruitment practices to consider removing gender bias from CVs, ensuring balanced interview panels, and actively seeking diverse candidates. To supplement this, all female candidates that apply for our male-dominated roles will be shortlisted for interview.
- > **Mentorship Program:** We have launched a mentorship program to connect employees with experienced leaders, fostering career development and growth, especially for underrepresented groups

Highlights of Our Progress:

- > **Engaging with Schools and Universities:** We have connected with 21 universities and colleges through career events, provided meaningful work placements for local students, and launched our Climate Education program to inspire and educate over 13 schools across the UK.
- > **Volunteering and Community Engagement:** We offer up to 2 days of paid leave for volunteering and actively encourage employee participation in community initiatives.
- > **Enhanced Family-Friendly Policies:** Our improved maternity leave benefits (including up to 26 weeks of enhanced pay) and extended paternity leave to 2 weeks of full pay has been very well received.
- > **Wellbeing Focus:** We have prioritised employee well-being with a dedicated policy, an annual calendar of well-being initiatives, and support programs for various needs, including those specific to women's health.
- > **STEM Ambassador Network:** We continue to grow our STEM Ambassador program with a number of active members (and other applications in progress) to promote diverse career paths in our industry to young people.
- > **Investing in Future Leaders:** We have launched a development program for emerging leaders and are exploring a company-wide mentoring program to support employee growth





Looking ahead:

We are committed to continuous improvement and will regularly monitor and report on our progress towards achieving our ED&I goals. Here's a glimpse into what's next:

- > **Gathering Diverse Employee Feedback:** We plan to hold workshops with employees from various demographic groups to gather insights and inform our ED&I strategy.
- > **Listening to Our Communities:** We will actively engage with local communities to understand their needs and perspectives on the energy sector.
- > **Reviewing Exit Interview Data:** We will analyse data from exit interviews to identify and address any trends related to gender or ethnicity that might be impacting employee retention

By actively promoting diversity and inclusion, we create a more vibrant and successful company, ensuring our future workforce reflects and supports the communities we serve. We are confident that our ongoing efforts will build a stronger, more inclusive Vital Energi for everyone.

Shaping a Greener Future, TOGETHER:

As the UK progresses towards a net-zero future, Vital Energi remains committed to leading the charge. We recognise that a diverse workforce brimming with talent, passion, and a shared vision for sustainability is key to achieving this goal.

By actively promoting diversity and inclusion at every level, we are not just strengthening our company; we are building a more innovative, resilient, and future-proof Vital Energi for all our stakeholders – employees, customers, and communities alike.

This journey requires continuous learning and improvement. We will continue to invest in the right tools, initiatives, and training programs to foster an inclusive and supportive environment. We are confident that by empowering and engaging everyone, we can all evolve and thrive together.

Building a More Inclusive Future: A 5-Year Commitment:

At Vital Energi, we are committed to fostering a truly inclusive and diverse workforce. We strongly support the UK Government's initiative on gender pay reporting and recognise the importance of setting ambitious yet achievable goals.





Long-Term Vision:

Here are our revised targets for the next five years (2024-2029):

- **Leadership and Management:** Increase the representation of women in our senior leadership team (top quartile) and middle management population (upper middle quartile) to exceed 30% by 2029. (Current baseline of top quartile: just over 6% and just over 7% of the upper middle quartile).
- **Operational Roles:** Increase the representation of women in lower and middle quartile roles to exceed 45% by 2029. (Current baseline: just over 30.6%)
- **Construction Expertise:** Substantially increase the number of women in construction-related roles by establishing a clear recruitment strategy and targeted outreach programs. While we lack a specific target ratio due to potential industry limitations, we aim to achieve a significant and measurable improvement in female representation within this area over the next five years.

Continuous Improvement:

We understand that achieving true gender parity and diversity requires ongoing dedication and a multi-pronged approach. We are committed to implementing and monitoring various initiatives over the next five years, including:

- **Unconscious Bias Training:** Continue to provide ongoing training to employees to identify and address unconscious bias in recruitment, promotion, and development opportunities.
- **Flexible Working:** Continue promoting flexible work arrangements to create a more inclusive work environment that supports various lifestyles and career aspirations.
- **Mentorship Programs:** Establishing mentorship programs that connect female employees with experienced leaders, fostering career development and growth.
- **Targeted Recruitment:** Continue to develop targeted recruitment strategies to attract and retain qualified female candidates, particularly for operational roles

Accountability and Transparency:

We are committed to regularly monitoring and reporting on our progress towards achieving these goals. We will update our targets and strategies as needed based on data and feedback to ensure continuous improvement.

We can confirm that the information and data provided within is accurate 30th March 2024.

