



NATS



Gender Pay
Report 2018



nats.aero



A year has passed since we published our first gender pay report and, since then, we have been in action on the commitments we made in last year's report.

I'm pleased to share what we have been doing over this past year to address the root causes of our pay gap, yet we recognise that, in order for us to see real change, we need to maintain our focus and momentum over the long term. This is evident in this year's gender pay report. Our mean pay gap is 18.6% - a slight increase on last year.

Primarily, our pay gap exists because we have more men than women in our senior roles and this reflects the gender imbalance that we have across our organisation. Since our last report, the number of women in senior roles has grown by 2% and the number of women across our organisation has also grown. While this is positive, it is important that we continue to focus on the long term changes required to encourage and support women in pursuing STEM (Science, Technology, Engineering and Maths) related careers.

A change in pension legislation has also contributed to our pay gap this year. Our pension cash alternative has enabled people to make more tax efficient choices in their remuneration package. Our gender imbalance means that more men than women have taken advantage of this, and this is reported in our pay figures.

We are committed to addressing the causes of our pay gap and have updated our gender pay action plan for the year ahead. As well as this, we remain dedicated to building an environment that is inclusive for all and where employees with diverse backgrounds, thoughts, experience, knowledge and skills can help continue to advance aviation and keep the skies safe, which is fundamental to our long term success.

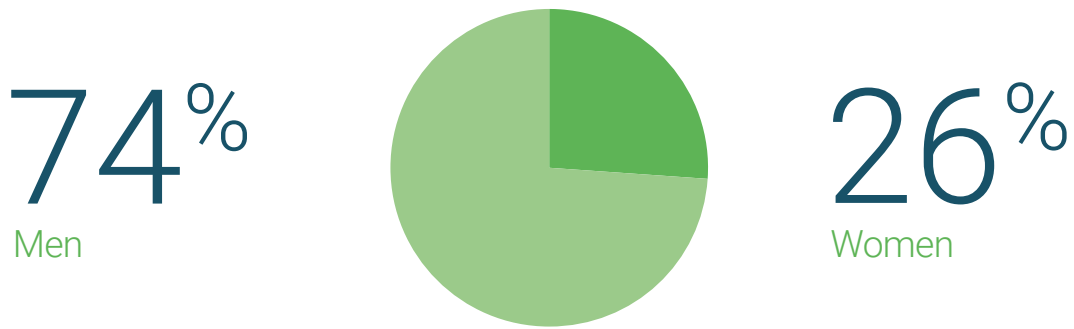
A handwritten signature in black ink that reads "Julie Elder".

Julie Elder

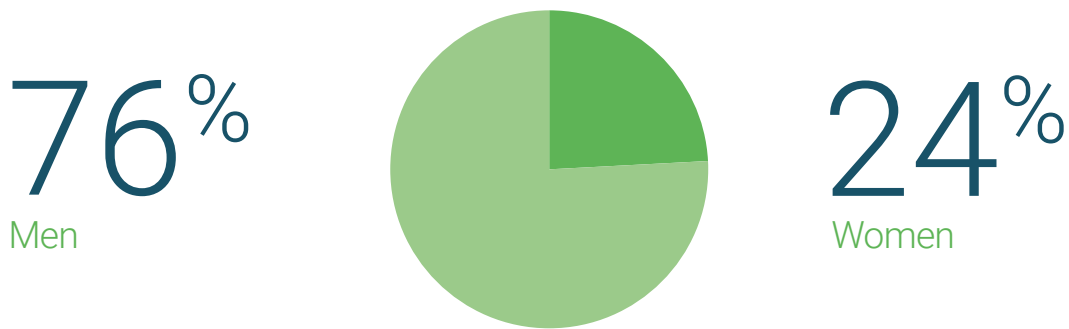
HR & Corporate Services Director

The gender of our employees

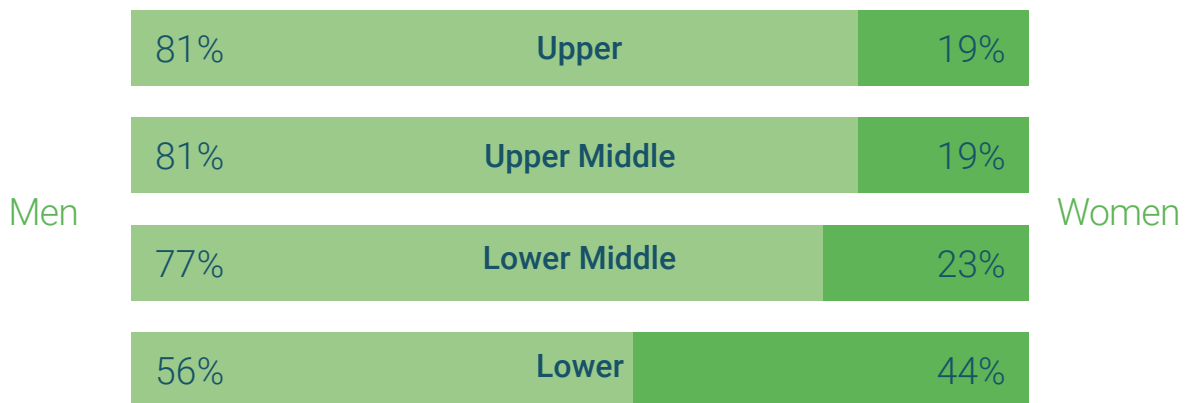
The proportion of employees at NATS



The proportion of employees in our management roles



The proportion of employees in each pay quartile



Our pay gap

18.6%

Our mean pay gap

24.6%

Our median pay gap¹

Why we have a pay gap

Our pay gap in 2018 has been driven by a number of factors.

We have more men in senior roles and, while the number of women in senior roles has increased by 2% since our 2017 pay report – there is still an imbalance.

Changes in pension legislation and freedoms across the UK have also impacted our pay gap. In 2017/18, a significant number of our employees were able to choose a cash alternative in place of pension contributions, allowing them to make more tax efficient choices in their remuneration package and this has also helped us manage our pension liabilities which is a positive step for us and our customers. This pension cash alternative is included in the statutory pay gap calculations and has contributed to our pay gap as, because of our organisational gender imbalance, more men than women took a pension cash alternative in 2017/18.

When we exclude the pension cash alternative from our April 2017 and April 2018 calculations, our mean pay gap has increased from 15.4% to 16.6%. In the short term we have made incremental success in improving the overall gender balance, which in the longer term we believe will contribute to improving our gender pay gap.

¹The **mean** is the sum of all the numbers in the set divided by the amount of numbers in the set. The **median** is the middle point of a number set, in which half the numbers are above the **median** and half are below.

Our bonus gap

39.8%

Our mean bonus gap

0%

Our median bonus gap

Why we have a bonus gap

Our median bonus gap is 0% due to our Company Performance Related Pay scheme which rewards all our employees the same level of bonus, regardless of role, for their contribution in helping us to successfully achieve our business objectives.

We signalled in last year's report that we would see an increase in our mean bonus gap this year, from 27.6% last year, due to a one off lump sum payment that was made equally to all employees in the previous year.

Our managerial group attract additional bonus payments as part of their total remuneration package; we have more men than women in this group. Bonus is calculated as a percentage of salary and, as we have more men than women in senior higher paid roles, this contributes to our bonus gap. Additionally the statutory reporting of our pay gap requires bonus payments to be reported in total value and so does not take account of pro-rated bonus pay for our part-time employees. However, we support family-friendly working practices and are committed to doing more to enable flexible working in the future.

A summary of our gender pay action plan for the year ahead

1

A continued focus on talent attraction – increasing the diversity of our talent pools through a targeted strategy.

2

Continued work to improve the presence of flexible working throughout the organisation, regardless of gender.

3

We will continue to focus on increasing the proportion of women in senior management roles. In our 2017 gender pay report we set a target of 5% increase by 2020.

The detail behind our plan

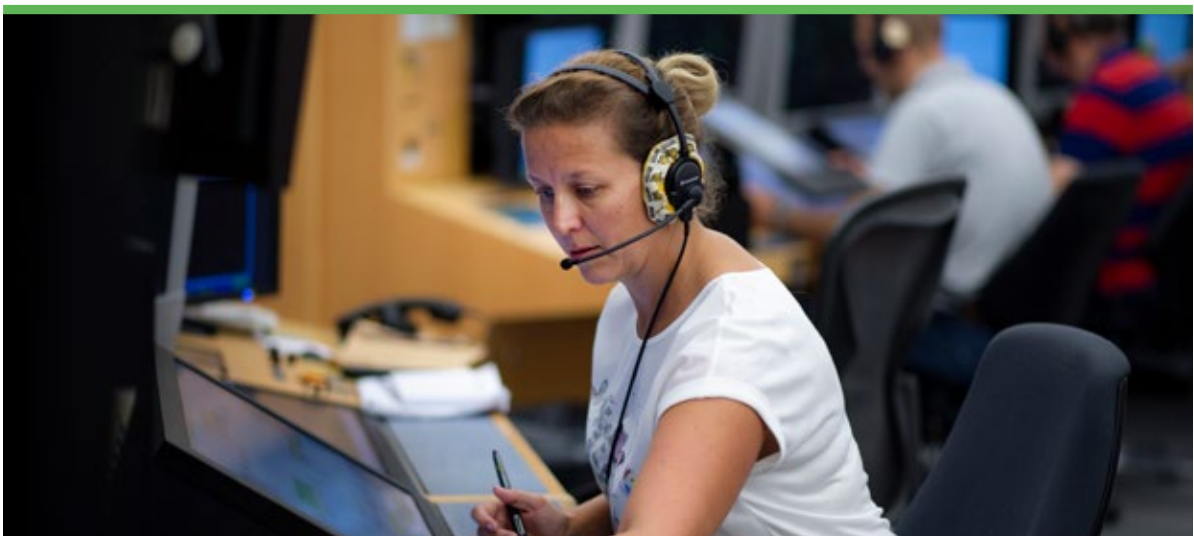
- 1** A continued focus on talent attraction - we will now focus on deploying an outreach strategy to improve our connection with regional and national education partners– particularly the Trainee Air Traffic Controllers and Early Careers routes. We are also reviewing our whole attraction strategy to ensure our recruitment practices are consistent with a gender neutral approach and broader diversity strategy.
- 2** Flexible workforce – through continued work with employee and trades unions representatives we will continue to develop solutions across the business to ensure that flexible opportunities are understood and implemented where possible. We will ensure roles are considered on a flexible basis, encouraging colleagues to think more broadly about a range of roles so that we can help more people to work flexibly.
- 3** We will continue to support the progression of women into managerial roles. Our work on recruitment processes and our attraction strategy will help us to create greater gender balance within our management population.



Bring Your Daughter to Work Day 2018

Our talent

We are working to support the retention and development of our talent population through a range of approaches. We have introduced an external programme, 'The Pipeline', which supports delegates to build their confidence and capability to move into senior roles, and are inviting women with management potential to attend this programme. We are exploring other options to provide focused development to identified female talent. We have also signed up to the Women in Aviation and Aerospace Charter to underline our commitment in this area.



A review of our 2017 gender pay action plan

Last year we published a gender pay action plan which outlined three commitments to improving the gender balance and reducing our pay gap. We are working hard to make a real difference and excited to continue this journey.

A reminder of our 2017 gender pay action plan:

1

We will increase the proportion of women in our management roles by 2020 and encourage progression into and through senior roles by investing in their development through our new talent strategy.

2

We will make every effort to remove any unconscious bias in our people processes.

3

We will encourage more young women to consider STEM subjects and NATS as a future career choice.

Over the past year we focussed on the overarching work required to encourage, support and improve the career progression of more women into senior roles, more specifically helping high potential women to accelerate their development as leaders through development programmes. The proportion of women in our management group has grown by 2% since creating our target which is an important step to addressing the longer term imbalance throughout the organisation.

We have started a review of our people processes in an effort to remove unconscious bias. We looked at our selection model for Trainee Air Traffic Controllers, including our attraction campaign and associated assessment tools. A number of recommendations were made and are being implemented and we hope this will enable more candidates with diverse thinking and backgrounds to successfully join us as trainee air traffic controllers.

A review of our 2017 gender pay action plan (continued)

More broadly, we introduced technology to ensure our adverts are gender neutral in language, tone and style. We have asked our external recruitment partners to make every effort to provide diverse short lists for all recruitment where possible.

We committed to ensuring our work place is inclusive and respectful so that every employee can thrive. We have developed a new policy about respect at work that outlines the role that every employee has in creating an inclusive environment and the processes we have in place to protect employees.

We continued our work to encourage more women to consider STEM (Science, Technology, Engineering and Maths) subjects and to think about NATS as a career choice. We became a corporate member of the WISE campaign (Women into Science and Engineering) – a campaign for gender balance in STEM, and joined Business in the Community, a network of over 200 companies to share and learn best practice.

We held our second Bring Your Daughter to Work day, aimed at encouraging girls aged 13-18 into STEM (and NATS) careers and through our early careers strategy plan to broaden our early careers engagement with Women in STEM roles.

Our focus hasn't just been on future talent. It's important we also create the right environment for women in our organisation today to develop and progress so we participated with our ATCO union in the "Professional Women Controllers" conference and used it as an opportunity to learn from other female leaders in similar organisations across the world.

We became a founder signatory to the Women in Aviation & Aerospace Charter, and we will work collectively across industry to improve the gender balance. Through a partnership with a Business in the Community gender and race advisor we have welcomed support to develop our approach to D&I and in building our internal HR capability.

We looked internally to our own workforce to form a Diversity and Inclusion network to increase employee involvement in initiatives and have provided them with dedicated training on creating more inclusive workplaces. We partner with our Trade Unions to evolve our approach in this area.



Looking ahead

I believe in encouraging an inclusive environment that supports diverse thinking and backgrounds, where colleagues can thrive and where everyone is rewarded equitably for their contributions. Addressing our gender imbalance and our gender pay gap is an important part of this and the progress we have made to date will help us to deliver longer term change.

However, we recognise that making meaningful improvements to our gender imbalance is a long-term commitment and requires ongoing focus – and our commitment to this reaches beyond our organisation. Therefore, as well as delivering on our gender pay action plan for the year ahead, we will also continue to keep up to date with, and share, best practice and ideas with other organisations as we aim to improve gender imbalance across the aviation industry.

I am confident that the plans we have in place, which I fully endorse, will help us, achieve a better gender balance. The continued work will also ensure our environment encourages colleagues with diverse backgrounds, thoughts and experience to support us in advancing aviation and keeping the skies safe.

I confirm the information and data reported is accurate as of the snapshot date 5 April 2018.

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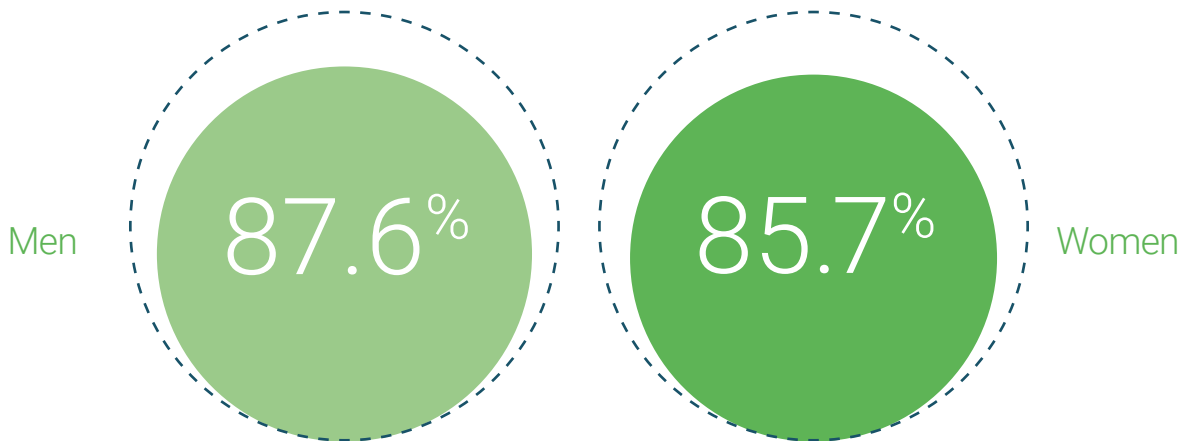
Martin Rolfe
CEO

Our Statutory Declaration

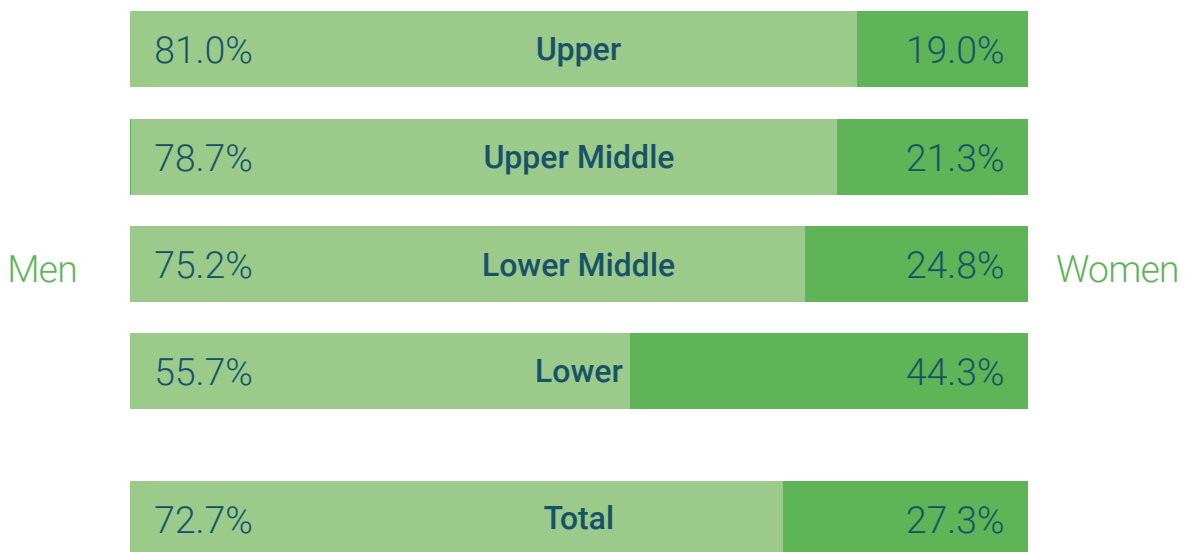
NATS (En Route) PLC

Pay and bonus gap	Mean	Median
Hourly Pay	17.8%	22.8%
Bonus	35.0%	0.0%

Proportion of employees receiving a Bonus



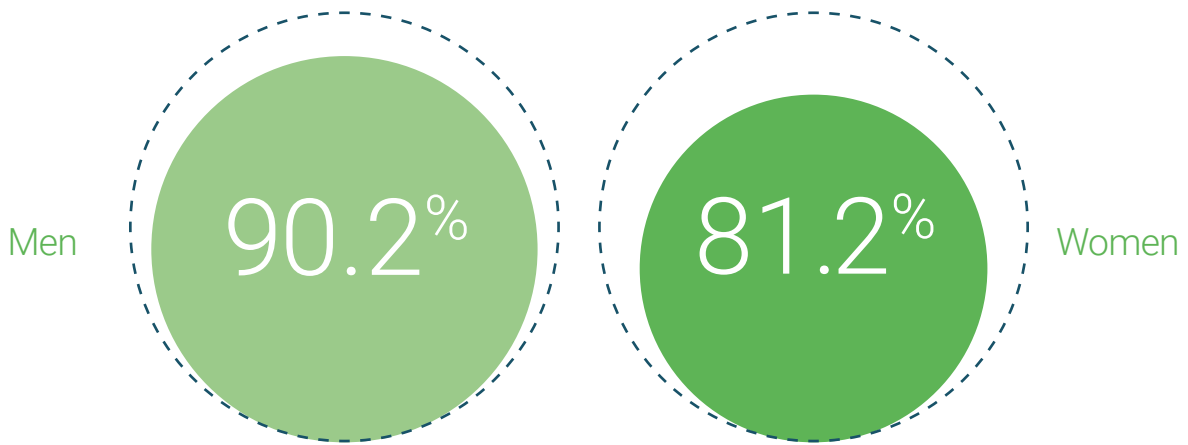
The proportion of employees in each pay quartile



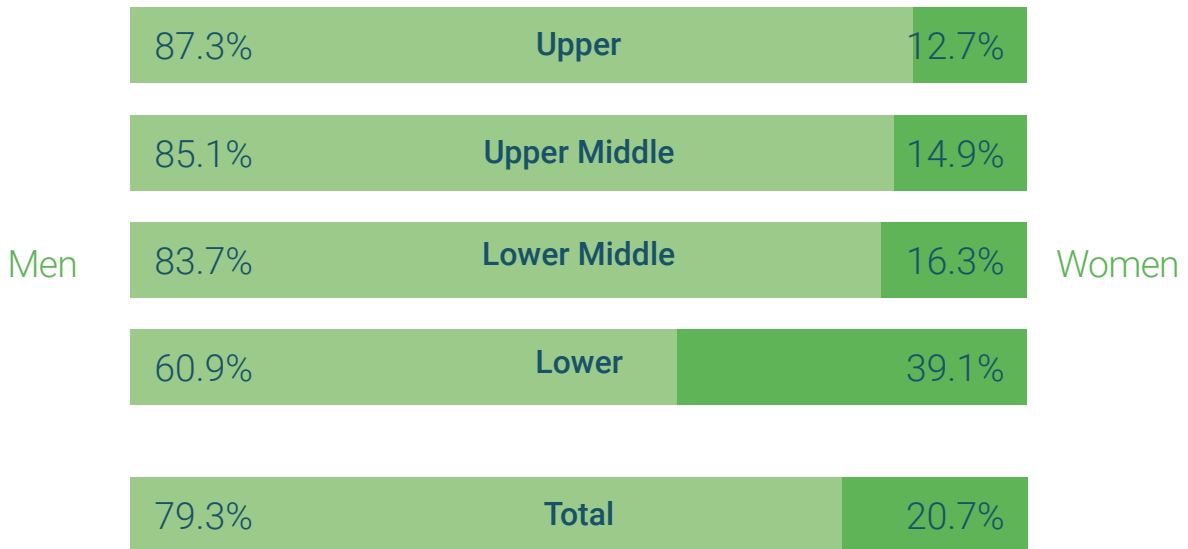
NATS (Services) Limited

Pay and bonus gap	Mean	Median
Hourly Pay	22.6%	25.7%
Bonus	55.6%	0.0%

Proportion of employees receiving a Bonus



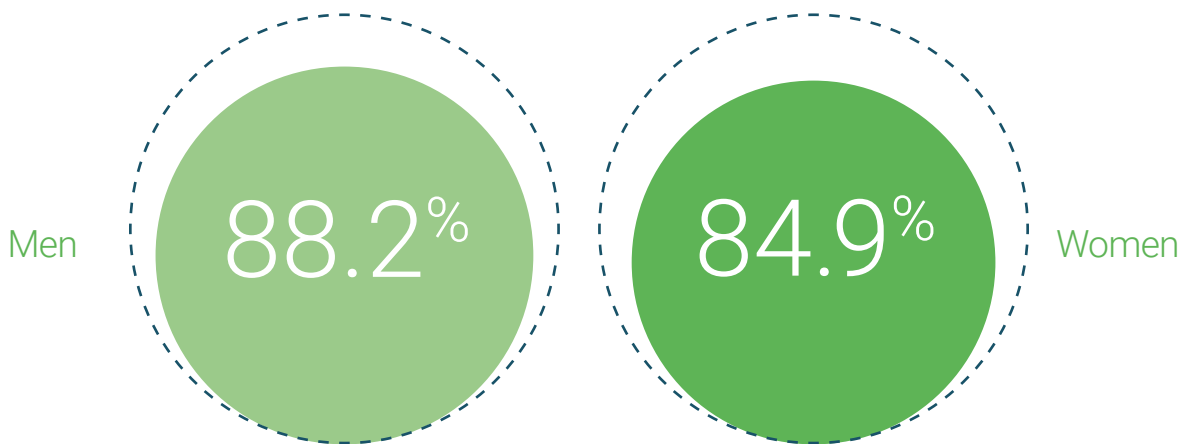
The proportion of employees in each pay quartile



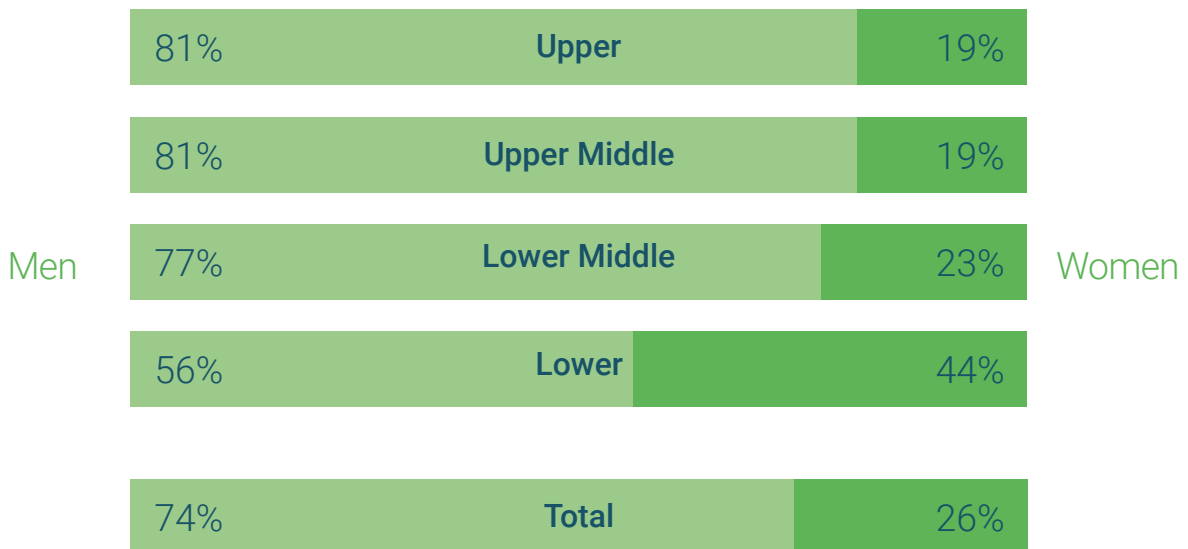
NATS Group

Pay and bonus gap	Mean	Median
Hourly Pay	18.6%	24.6%
Bonus	39.8%	0.0%

Proportion of employees receiving a Bonus



The proportion of employees in each pay quartile



Equal Pay vs Gender Pay

Whilst both equal pay and the gender gap deal with the difference in pay women receive in the workplace, they are two different issues:

Equal pay means that men and women in the same employment performing equal work must receive equal pay, as set out in the Equality Act 2010.

The Gender pay gap however is a measure of the difference between men's and women's average earnings across an organisation. It is expressed as a percentage of men's earnings.