

Ethnicity Pay Report 2021



Creating a workplace where our differences are valued and where everyone can thrive, regardless of their background or ethnicity requires action and accountability, which is why we have signed up to the Business in the Community (BITC) Race at Work Charter and appointed an Executive sponsor for race; a role that I am pleased to have stepped into.

By signing the Charter, we are committing to having a plan of action, being open about where we need to make improvements and regularly reporting on our progress. This means having a clear picture of our organisation, both through data and through understanding people's experiences, so we can improve equality in the workplace and remove barriers to progression.

One key commitment of the charter is the publication of our ethnicity pay gap, and this year we have chosen to voluntarily publish ours.

The ethnicity pay gap shows the difference in the average pay of ethnic minority and white employees in NATS. Although all of our employees are paid equally for undertaking the same work, we have an ethnicity pay gap because we have proportionally fewer ethnic minority colleagues at senior levels in our organisation.

We have chosen to report on our ethnicity pay gap using the same methodology as we do for our gender pay gap, however one key difference is that this data is based on those who have selected to share their ethnicity. Currently, 15% of our employees have chosen not to declare this data, and so our report does not represent a complete picture of our organisation. We hope that by showing transparency and action we can increase our declaration rates, which will improve our ability to monitor our progress going forward.

Along with improving the diversity of our senior teams, we also need to attract a more diverse talent pool, so our organisational profile is not only representative of society, but also the customers we serve and the industries in which we operate.

In addition to signing the Charter, we have also introduced our **Diversity and Inclusion (D&I) vision**, which describes the type of organisation we want to be and shows our commitment to ensuring we continue to create an inclusive, safe and enjoyable place to work for everyone.

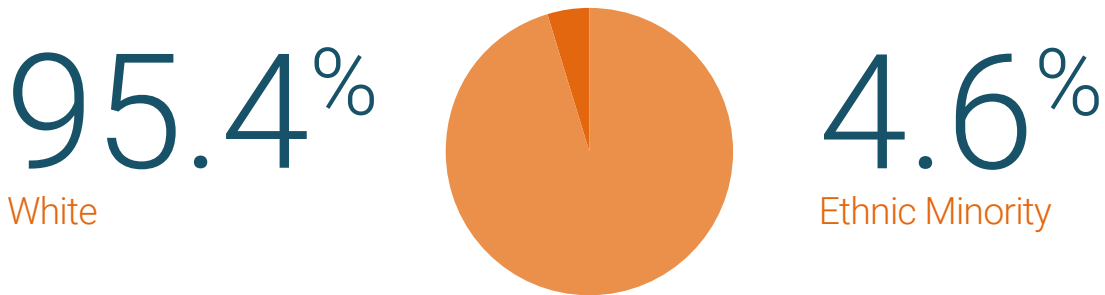
Chris Last
HR Director

The ethnicity of our employees

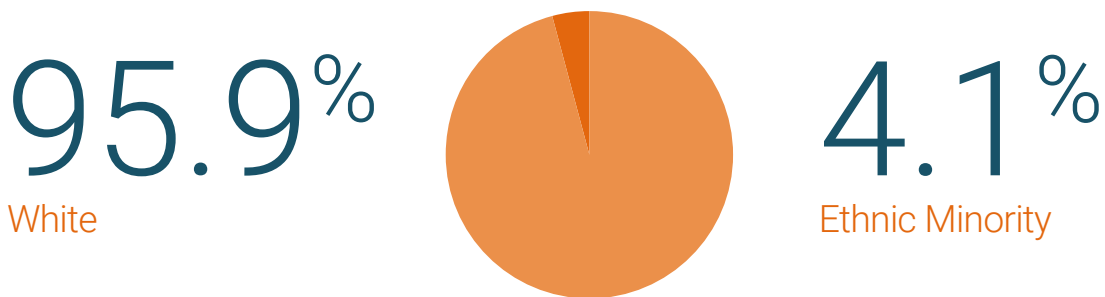
A note about terminology

For the purposes of this report, we are following the Race Disparity Audit's recommendation and referring to 'ethnic minorities' rather than 'BAME' employees.

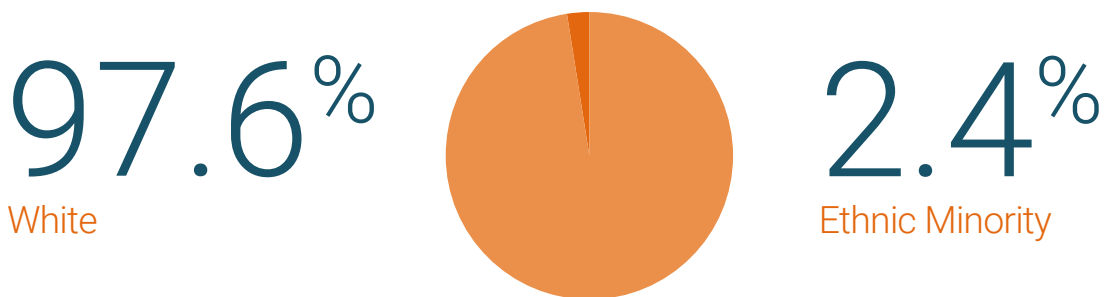
The proportion of employees at NATS



The proportion of employees in our senior management roles

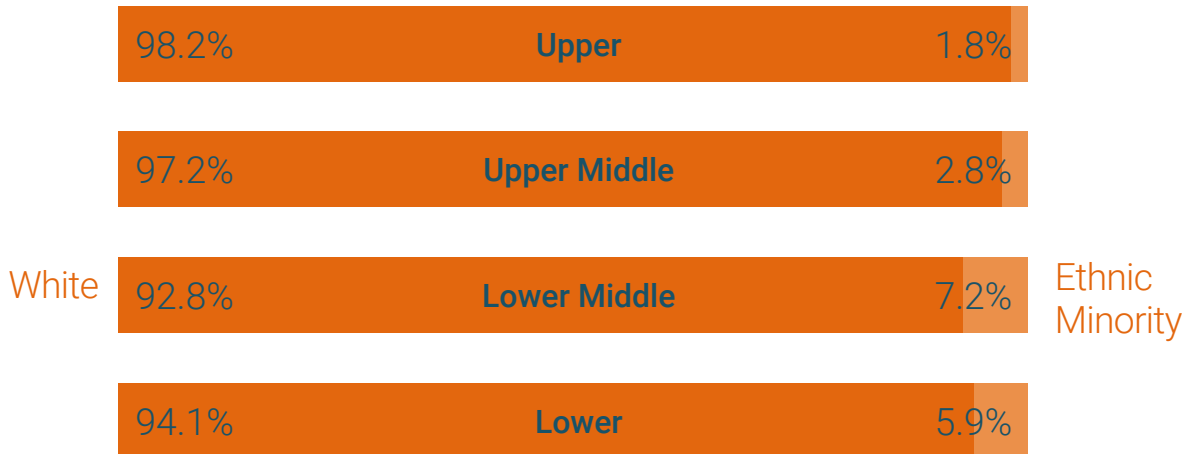


The proportion of employees in Air Traffic Control roles



The ethnicity of our employees (continued)

The proportion of employees in each pay quartile



Ethnic minority employees are underrepresented in NATS when compared with the working population, but there is especially lower representation of ethnic minority employees in senior or higher paid roles. Ethnic minority employees make up 4.6% of our total workforce* but only 1.8% of our most senior pay quartile. This also influences the bonus gap, as the highest bonuses are typically paid at the most senior levels.

*Based on those who have declared their ethnicity data.

Our pay gap

Equal pay means that everyone is paid the same for doing the same job (or a job of equal value) unless there is a 'genuine material factor' for the difference – this has been the law since the Equal Pay Act of 1970. The Ethnicity Pay Gap is the difference in pay of all ethnic minority employees and all white employees across our organisation regardless of their role or grade. (Although it is based only on declared data, and 15% of employees have chosen not to declare their ethnicity). We report this on a mean and median basis, and the difference in pay between ethnic minority and white employees is influenced by a variety of factors, most notably our organisational profile and the numbers of ethnic minority employees at senior levels.

20.7%
Our mean pay gap

16.1%
Our median pay gap

Why we have a pay gap

Our ethnicity pay gap is driven by a lack of ethnic minority representation at senior grades. Ethnic minorities make up 4.6% of our organisation but only 1.8% of our upper pay quartile.

Our Bonus Gap

25.2%

Our mean bonus gap

0%

Our median bonus gap

Why we have a bonus gap

Our managerial group attract additional bonus payments as part of their remuneration package and we have significantly more white employees than ethnic minority employees in this group. Their bonus is calculated as a percentage of salary and, as we have only 4.1% of ethnic minority employees in our managerial group, this contributes to our 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.

Our pay gap - action so far

There is a great deal of work to be done to address our pay gap and we recognise that this will be a long journey for us as an organisation. Last year we introduced our D&I vision and formed a D&I Steering Group that will support us in driving action, aligning our organisational strategy with our diversity goals and monitoring our progress. Our Steering Group (which is chaired by our Chief Executive) also provides a diverse membership from across the organisation, including our employee networks, that can offer guidance, challenge, and critical advice.

Employee networks and globeAll

NATS has several employee networks that are run by colleagues, for colleagues, and underpin our D&I activity across the organisation – providing influence, support and guidance. globeAll, is our employee network which represents ethnic and cultural minority employees, as well as providing allyship involvement across the network. In the last year, globeAll has:

- > Provided consultation and guidance on where to focus our action relating to the requirements of the Race at Work Charter – ultimately resulting in their recommendation to publish our ethnicity pay gap data.
- > Celebrated Black History Month with a number of events, discussion groups and communications.
- > Supported NATS Inclusion Week with live sessions, including language, terminology and micro-inclusions. The session run by globeAll, was our most watched recording. Colleagues expressed their appreciation for having informative and safe spaces to explore these topics. globeAll also has a number of resources to support allies and encourage allyship amongst our employees.



Signing up to the Race at Work Charter is an important signal of our company's intent to improving equality in the workplace and will provide us the framework needed to succeed in this endeavour. globeAll reviewed the charter and its commitments towards the end of last year and requested the prioritisation of Ethnicity Pay Gap reporting, as we believe that making this data public is important, regardless of the current state of the pay gap - it will act as a catalyst for driving further change. We fully expect this reporting to be mandatory in the near future, so one of the advantages of doing this now is that it is an opportunity to show to demonstrate the changes year on year as we continue to improve our D&I experience in our business, putting us in a good position when Ethnicity Pay Gap reporting is mandated by the government.

We have been hugely encouraged by the response we received by our members, allies and our executive team and the willingness to publish this data and hope this demonstration of responsible use of ethnicity data encourages anyone who has not done so to share their information.

Tama Lwambula

Co-Chair of globeAll

Inclusion Week

In September 2021 we celebrated National Inclusion Week, where we hosted a range of virtual sessions on a variety of topics such as inclusive language and terminology, unconscious bias, how to challenge behaviour, diversity in recruitment and micro-inclusions. The sessions were supported by our employee networks and external speakers and 13% of the organisation joined at least one session. We also hosted discussions on our internal Yammer platform, so people could share their experiences and ask questions.



It was important for me to attend several of the sessions as part of our Inclusion Week to share my experiences of being a British Asian person. I would welcome NATS holding further discussions with ethnic minority colleagues to increase their awareness of the issues and challenges we face. I am also pleased to see that there are plans in place for beginning to overcome some of these barriers and encouraging more people from ethnic minorities to come and work for our organisation.

Sam Mathew
Systems Engineer



I attended several sessions during Inclusion Week and in particular found the language and terminology session engaging and thought provoking. We were able to hold open and frank discussions within a diverse group; which really opened my eyes in terms of the challenges people face and simple ways we can ensure everyone around us feels included.

Fiona Hodgson-Kerry
Learning Technology Adviser

Inclusion Week (continued)



What we say and do matters. The social environment we create at work is a result of many things, but how we interact with each other is both one of the most important and within our control. Our language and behaviour has a direct impact on those around us and in order to be a truly inclusive organisation, we must be aware of the potential impact of what we say and do, and be open to change. We must also allow for the fact that from time to time we will make mistakes but what is most important is that we learn from them and evolve individually, and organisationally, as a result.

For each of us, our world-view is a product of our background, upbringing and experience but we can always modify our world-view by being enquiring and educating ourselves. During inclusion week last year I had the opportunity to engage in discussions with subject matter experts and raise my awareness on the use of inclusive language and behaviour and how we can all avoid (almost always unintentional) micro aggressions or inappropriate language. Online resources are available for us and I actively encourage my colleagues to use these to increase awareness about the impact of our language and behaviour to help us create the truly inclusive workplace environment we aspire to have.

Martin Donnan

Director En Route Air Traffic Management

Recruitment update



Katie Foster

Head of People Services

Given the impact of the Covid-19 pandemic on our industry, we have been in an external recruitment freeze for all of the last 12 months. As the industry is now slowly beginning to recover, we anticipate resuming external recruitment, which is positive news. We have made significant progress with a new Recruitment and Diversity and Inclusion action plan which was generated from workshop discussions with individuals across the business and network representatives, and covers a number of areas that we want to improve. This has involved:

- > Examining our job adverts and recruitment materials to ensure the language and images we use are inclusive.
- > Including a revised D&I statement on all of our job adverts that clearly states our aspiration to recruit individuals from diverse backgrounds and bring different perspectives, skills and life experiences.
- > Providing unconscious bias training for employees, especially for hiring managers and assessors for our early careers schemes. Assessors of our potential Trainee Air Traffic Controllers also undertake an accreditation by an external body who provide training in eliminating unconscious bias prior to being involved in selection activity.
- > Publishing a dedicated D&I page on our external website that shares our vision, commitments, reports, and information about our employee networks.

Partnership with Fantasy Wings



In 2021, NATS also partnered with Fantasy Wings, a fantastic organisation that aims to increase diversity in the aviation industry by engaging young people from ethnic minority backgrounds. Through our partnership we will have the opportunity to create opportunities for young people to learn more about NATS and careers in Air Traffic Management.



One of the biggest problems facing the aviation industry is a lack of diversity. As a young Black man who battled adversity en route to gaining my career in aviation, I was determined to make it easier for other young Black, Asian and Minority Ethnic people and women to access the same opportunities I fought to get.

We are incredibly grateful for the support of NATS and other industry leaders for believing in our programme. The opportunities that this partnership brings us are invaluable.

Jackson Smith

Fantasy Wings Founder and Managing Director

Action Plan 2022

Recruitment

We recognise that the first step in addressing our ethnicity pay gap is to attract a wider and more diverse talent pool that reflects society and our customers. Alongside this, we must also ensure we support and retain our ethnic minority talent and identify and remove barriers to progression.

We have extensively reviewed our recruitment practices in the last year to eliminate bias and discrimination, but we still have more that we can do. As part of this we will continue to review our attraction strategy and employer brand impact. We will build upon our relationship with Fantasy Wings and, in addition, we have recently partnered with Vercida – an inclusive job board platform that we hope will improve the diversity of our reach, connect us with a wider talent pool and provide us with data and insight to understand how we can improve our approach.

We are also implementing a new recruitment system that will further enhance our ability to gain insights into our applicant data, along with providing best practice tools to reduce the risk of bias in our hiring processes.

Our hiring managers are increasingly considering the diversity of their assessment panels while also being cognisant of the additional burden this may place on our ethnic minority colleagues.

We plan to roll out further unconscious bias training across our hiring manager community more widely. This will be supported by development of a hiring manager toolkit (to include interview guidance, scoring templates and a competency based question bank) to ensure fair and consistent selection practices.

Alongside this, we aim to agree a new recruitment policy with our trade unions in order to bring together all aspects of how we conduct fair and inclusive recruitment within NATS.

Talent and progression

Ethnic minority employees are underrepresented at all levels of our organisation, but we recognise that we need to create increased diversity amongst our senior managers to provide ethnic minority role models and increased diversity of thought and leadership.

We are currently exploring options for offering targeted talent, coaching and leadership interventions for underrepresented groups and will undertake insight work with colleagues and our employee networks to understand what would be of most benefit and develop an action plan.

We will continue our efforts in creating reverse mentoring opportunities and ensure that these relationships are mutually beneficial, and that mentors have a positive impact on their career and receive sponsorship and support.

In 2021 we launched a career development platform (My Career) which provides all employees with tools and content to help them take control of their own career development. Although this is not targeted specifically at underrepresented groups, we do recognise the importance in providing transparency around progression pathways, so that colleagues can clearly visualise the steps they need to take to progress.

Declaration rates

Whilst the 85% of people who have shared their diversity data gives us a good picture of the organisation, we recognise that to gain a thorough profile of our workforce we need to increase our ethnicity declarations.

Our hope is that by publishing our ethnicity pay gap data and illustrating our commitment to transparency and action, this will encourage more people to share their data. Improving declaration rates is key in enabling us to monitor the impact of our D&I efforts going forward, and we will continue our programme of communications and internal campaigns with a view to gaining a complete representation of our workforce.

Looking ahead



It has been a challenging couple of years for the aviation industry, but I believe that being a truly diverse organisation that realises the potential of its people and accesses all the talent available to us is crucial for our recovery and future growth. It is also vitally important to me that every one of our employees, regardless of their background or ethnicity should be able to fulfil their potential and feel safe and valued at work. We need diversity of ideas and perspectives at all levels of our organisation, so we can effectively represent our customers and the society we operate in. We recognise we need to attract talent from a wider talent pool, and to give underrepresented groups clear career development pathways to positions of seniority and leadership.

In the last year we have placed D&I high on our agenda, introducing our D&I vision, reviewing our recruitment practices, becoming a signatory to the BITC Race at Work Charter and partnering with Fantasy Wings to support young people from ethnic minority groups in seeing the aviation sector as an exciting career option. But there is still an enormous amount of work to be done, and publishing our ethnicity pay gap data is the first step towards understanding where inequalities exist, setting aspirational targets and holding ourselves accountable for progress. Our focuses for the coming year will be to work towards equalising our hiring rates and attracting more diverse talent, as well as working with ethnic minority colleagues to understand the barriers they face in NATS and support their career progression.

I am personally committed to creating an inclusive and fair environment for all of our colleagues to work, develop, and thrive. Everyone at NATS has a part to play, and now is the time to take courageous action towards realising our vision to be 'brilliantly different, under the same sky'.

Martin Rolfe

CEO

Our calculations

The figures in this report for both pay gaps and demographics, reflect the snapshot date of 5 April 2021. In the absence of any government guidance on how to calculate our ethnicity pay gap, we have mirrored the rules we use for our Gender Pay Report. Our Ethnicity Pay Gap Report includes colleagues employed under our NATS En Route and NATS Services entities, which both have over 250 employees. Colleagues employed under our smaller entities of less than 250 employees are not included in these figures.

In our data analysis, we have used the terminology drawn from our ethnicity data and the categories used are as follows:

White - those who recorded 'white'.

Ethnic Minority includes:

- > Bangladeshi
- > Black/African
- > Black/Caribbean
- > Black/Other
- > Chinese
- > Indian
- > Mixed – White and Black Caribbean
- > Other
- > Other Mixed Background
- > Pakistani
- > White and Asian

Any employee who did not provide data or chose 'prefer not to provide' was excluded.