

The NATS logo is positioned in the top right corner of the image. It consists of the letters 'NATS' in a bold, blue, sans-serif font. The background of the entire image is a photograph of a woman in a call center setting, wearing a headset and looking at a computer monitor. Another person in a pink shirt is visible in the background, also working at a computer.

NATS

Pay Gap report

2022

Contents

This report sets out the gender and ethnicity pay gaps at NATS.

Pay data snap shot as of 5 April 2022.

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Foreword by Chris Last



This year, we have decided to publish a combined Pay Gap report for Gender and Ethnicity to provide a broader picture of our pay differentials and to enable us to take a joined-up, consistent approach to tackling disparities.

In terms of our progress our median gender pay gap has closed slightly, however, across the board we know that there are still improvements to be made. It takes time to create sustainable change, nonetheless, there are areas of positive change within our data—for example, we have an increase in women in our upper pay quartile, a higher percentage of ethnic minority joiners than leavers and in several of our grade groups the gender and ethnicity pay gaps have closed. The diversity of our latest early careers intake is evidence of our new policies starting to have a positive effect.

Although our gender and ethnicity pay gaps are an important indicator of our progress, what's crucial is not simply to monitor the data but to commit to meaningful action towards creating an inclusive culture, where diversity is valued, and everyone can thrive. For this reason, as well

as using our pay gaps as measures of success, our Diversity and Inclusion Steering Group is also setting new goals to hold us accountable. This includes for example the percentages of women and employees from ethnic minority backgrounds on talent programmes and identified in succession plans. You'll see more on this in our action plans for the coming year.

Reflecting on our actions in 2021, you'll see that we've made great strides in the areas of attraction and recruitment, learning and development, and we've benefited hugely from the brilliant work that our employee networks have undertaken to create greater awareness, allyship and advocacy for minority groups. As part of our new company strategy, we have an objective to be a Top 25 UK Company to work for by 2040, identifying that we'll get there by celebrating the diversity of our colleagues and ensuring an inclusive environment where people are treated with respect.

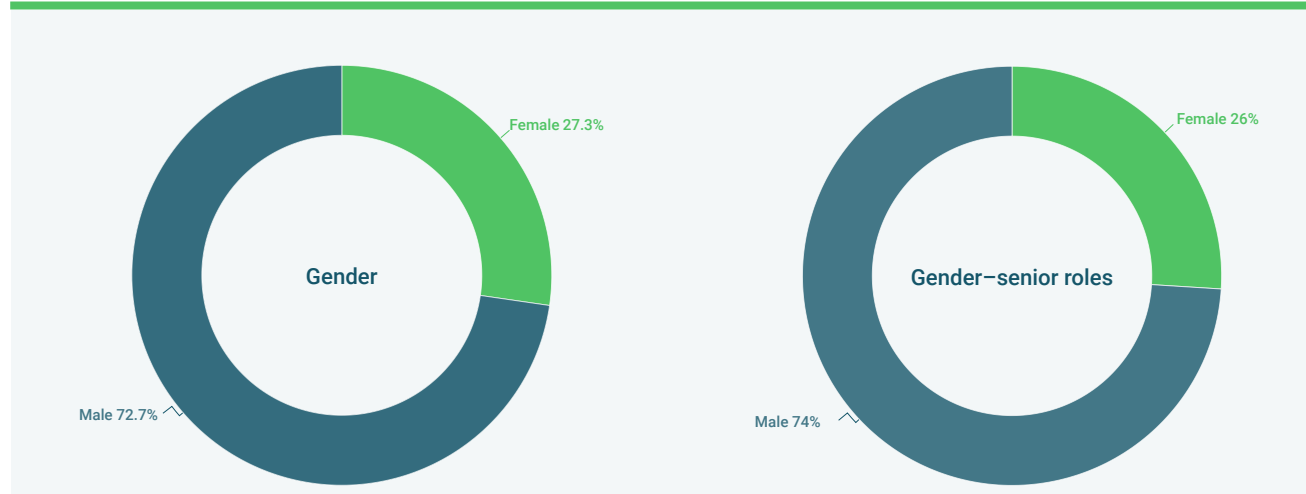
A handwritten signature in black ink, appearing to read 'Chris Last'.

Chris Last
HR Director



Employee demographics

Gender



Ethnicity



What's crucial is not simply to monitor the data but to commit to meaningful action towards creating an inclusive culture where diversity is valued, and everyone can thrive.

Chris Last, HR Director

We want to be more diverse and reflect the society in which we operate. Therefore in our action plan for 2023 we are aiming for:

- ▶ A 50:50 gender diversity for new recruits to the business, so that by 2040 at least 40% of colleagues are female
- ▶ At least 14% of our new joiners are from ethnic minority backgrounds
- ▶ Our disability declaration increases above 80%

We want our leadership teams to be reflective of our diversity at NATS, to act as role models and ensure diverse thinking is at the heart of our leadership. Therefore we are aiming for:

- ▶ The overall diversity of our senior leadership team to increase by a 1–3% year-on-year improvement, over a rolling five year period.
- ▶ The overall diversity of our promotions to increase by 1–3% year-on-year improvement, over a rolling five year period.

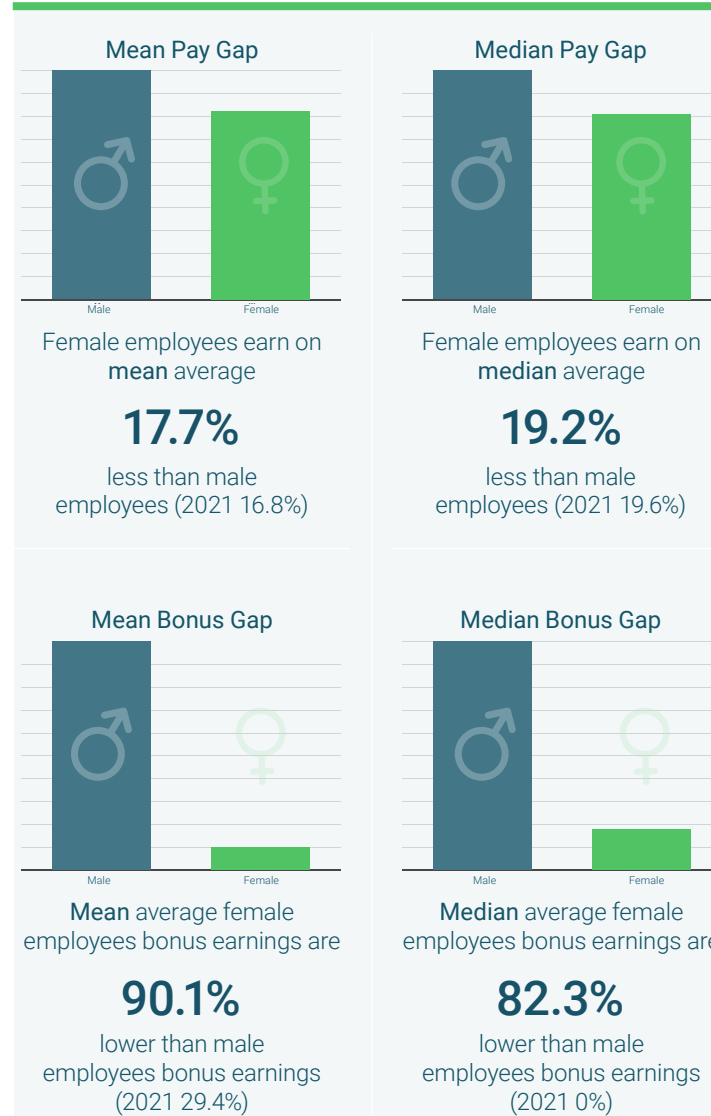
Gender pay gap

Why we have a gender pay gap

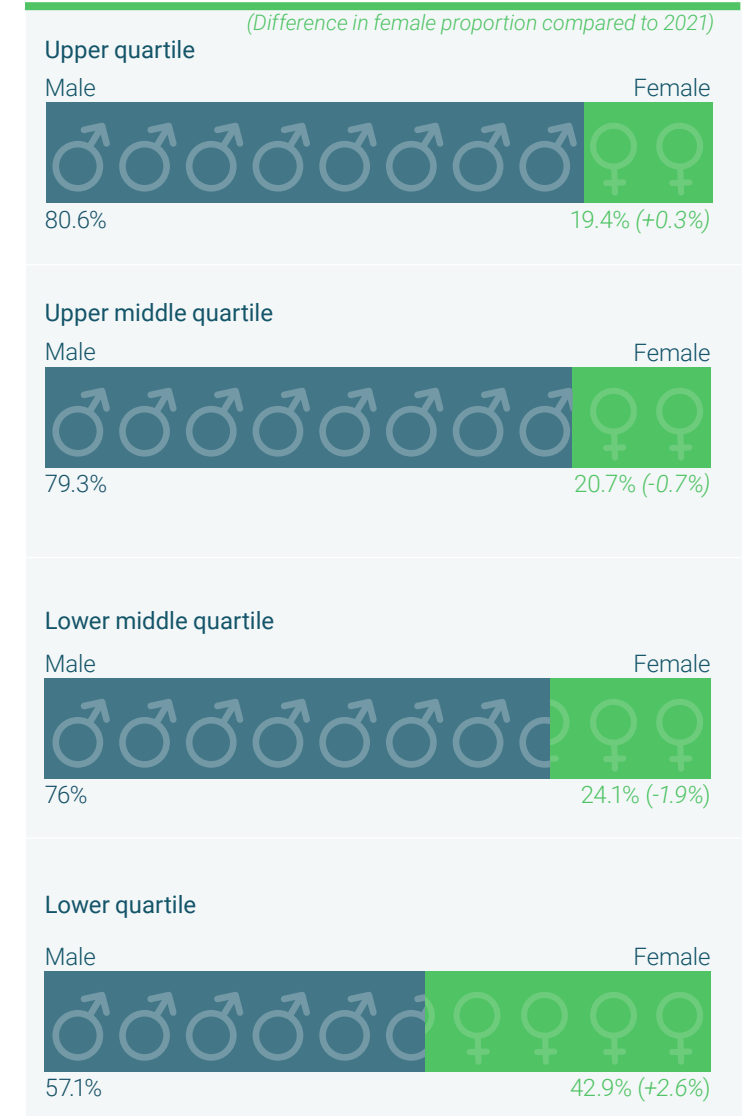
Quite simply we have more men than women across NATS, with more men in our senior roles and our higher paid operational and engineering grades. The same principle applies to colleagues from ethnic minority backgrounds.

Our bonus gaps for 2022 are significantly worse than previously reported. This is because in the year to April 2022 we did not pay out our Company Performance Related Pay nor our Annual Management Performance Related Pay as part of our cost saving measures during the pandemic. The only payments made were in relation to the Long-Term Incentive Plan for our Executive team (which related to the performance period January 2018 to December 2019) and a small number of relocation payments. This was an exceptional year, and we expect our bonus gaps to improve in next year's report.

Gender pay gap



Proportion of male and female employees by quartile



Ethnicity pay gap

Why we have an ethnicity pay gap

Our pay quartiles highlight the lack of diversity we have at NATS and this is something we are striving to improve. We do have gaps in our diversity data for ethnicity declarations and we hope that by publishing this data (alongside sharing the action plans contained later in this report) we can encourage our colleagues to share this valuable information so we can take positive action to address the pay gap and their experiences.

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:

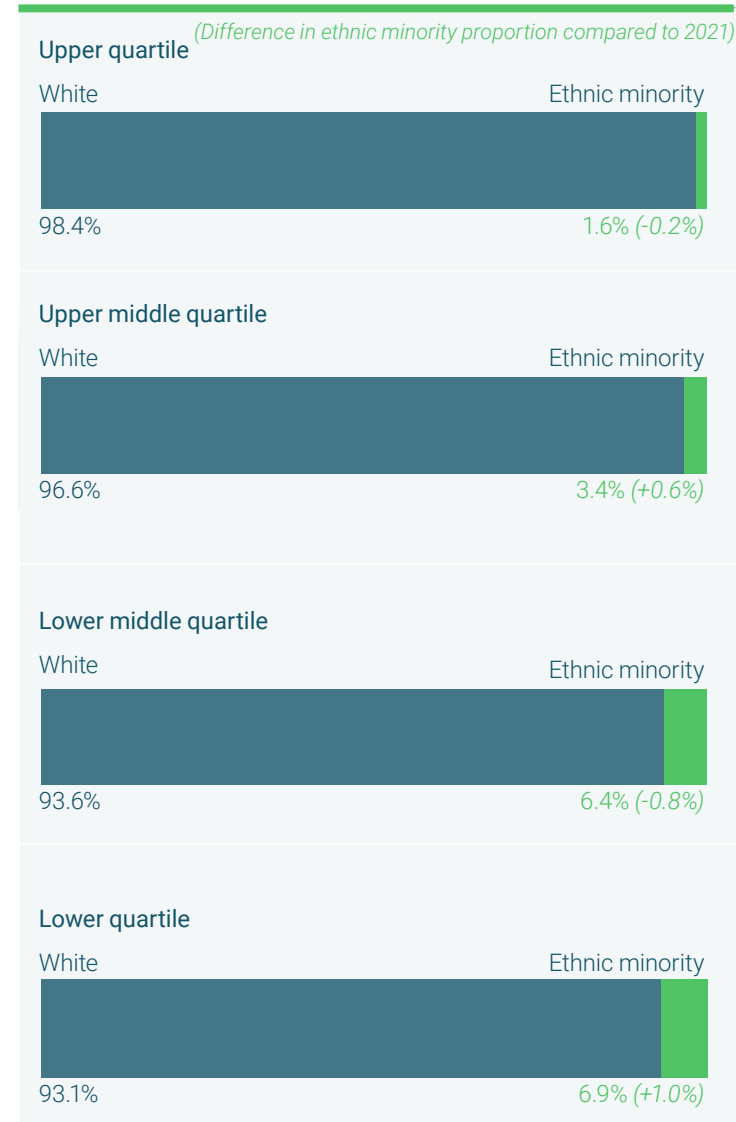
- ▶ White—those who recorded ‘white’.
- ▶ Ethnic minority includes:
 - ▶ Bangladeshi
 - ▶ Black/African
 - ▶ Black/Caribbean
 - ▶ Black/Other
 - ▶ Chinese
 - ▶ Mixed—White and Black Caribbean
 - ▶ Indian
 - ▶ Other
 - ▶ Other Mixed Background
 - ▶ Pakistani
 - ▶ White and Asian

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

Ethnicity pay gap



Proportion of white and ethnic minority employees by quartile



Review of actions from 2022

During 2022 we strived to improve our workplace diversity through multiple actions, as detailed on the following pages. We can categorise our efforts in to the following four categories:

- ▶ Learning and development
- ▶ Recruitment and attraction
- ▶ Inclusive culture
- ▶ Other actions



Review of actions from 2022

Learning and development

We aimed to embed Diversity and Inclusion content into our employee induction programme and new leadership learning pathways.

An introduction to Diversity and Inclusion (D&I) is now included in our corporate induction programme and our leadership essentials course, which also has a mandatory three-hour session on leading inclusive teams. Delegates also have access to sessions on unconscious bias, respect for all and positive challenge.



We aimed to deliver workshops on inclusive leadership, inclusive team working, unconscious bias, positive challenge and respect for all.

These sessions are now available throughout the year for colleagues to book.



We aimed to deliver bespoke development opportunities for our Women's Network, starting with coaching and mentoring.

This was delivered in the first half of this year, and received positive feedback.

We aimed to offer coaching and reverse mentoring opportunities relating to D&I for our leaders.

Coaching and mentoring are available to colleagues across the business, and we are currently working to align our coaching strategy with our D&I priorities.

Recruitment and attraction

We aimed to monitor and promote the use of gender diverse interview panels.

During 2022 we undertook a range of research around best practice for inclusive recruitment, and we will now be launching a hiring manager toolkit, which will provide guidance on interview panels, scoring and inclusive recruitment.

We aimed to recruit on a 50/50 gender split basis within our 2022 early careers intake

The demographic of our 2022 intake was 58% women and 42% men, with 27% from an ethnic minority background.

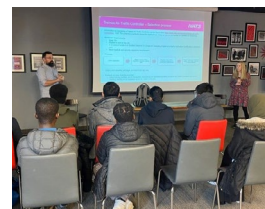
We aimed to elevate our employer brand, develop an inclusive attraction strategy and utilise the Vercida job board platform, to attract more diverse talent.

Working with our Communications team, we have revised our attraction strategy to ensure broader reach and more innovative processes. We have introduced virtual career fairs and virtual assessment providing clear access from a social mobility perspective. In addition, we have focused on our social media presence considering both reach and demographic of candidate base.



We have continued to work with Vercida and have extended this outreach portfolio to include STEM returners and Stonewall. We are advertising our opportunities via these partners.

We aimed to develop our relationship and provide support and opportunities to Fantasy



Wings, an organisation that seeks to help individuals from black, Asian and minority ethnic backgrounds and women access opportunities within the aviation industry.

We have continued to work with Fantasy Wings and hosted a Fantasy Wings visit day, as well as sharing our vacancies with them to access their pool of talent.

Review of actions from 2022–continued...

Recruitment and attraction—continued...

We aimed to provide mandatory training for all hiring leaders, including training on unconscious bias, supported by a hiring manager toolkit to include guidance on conducting interviews, scoring templates and sample competency-based questions bank.

Unconscious bias training has been rolled out across the organisation and is now mandatory for assessors for both our early careers schemes and internal talent assessments. In addition, we have introduced robust scoring methodology to ensure decisions are driven by data and evidence. As a result of these new methods, we recruited an early careers cohort that is 58% female.



We committed to coach hiring leaders to challenge thinking around the type of person required, essential versus desirable skills and to consider transferable skills and different options for filling a post e.g. flexible working and job share options, to encourage more female colleagues to apply for positions.

As part of our focus on fair and inclusive recruitment we have updated our recruitment and selection policy. This ensures that flexible working is considered for all suitable roles and also provides us the opportunity to monitor the impact of these positive action plans. The hiring manager toolkit also provides further guidance in these areas.

We aimed to agree a new recruitment policy with our Trade Unions for fairer and inclusive recruitment.

A revised recruitment and selection policy has been agreed via our policy forum and centres on fair practice, D&I and positive action.

Inclusive culture

We aimed to become a member of an accredited body in the field of D&I to support our focus on improving our inclusive practices.

In January of this year (2023), we became a member of Inclusive Companies in order to access their expertise, consultancy and events, as well as to use their benchmark information, advice and guidance to support our continued progress towards fair and equal recruitment.

Support leaders in setting personal objectives that champion inclusion and gender equality.

We have not undertaken a specific action on this during this performance year, but we have continued to encourage all of our leaders to build D&I into their personal objectives, and D&I is a prominent element of our leadership development materials.

We committed to educate colleagues on how they can support gender equality and help reduce our gender pay gap.

Our Women's Network has delivered a programme of events throughout 2022 intended to provide a chance to network, learn and discuss gender equality—including a regular media club, dedicated sessions during National Inclusion Week and briefings for new starters including our early careers cohort. The Women's Network also has a newly formed team, focused on supporting and building allyship across the company.

They also ran a month-long campaign for Women's History Month and Women in Aviation Week in February 2022 (which will also run in 2023), as well as running both internal and external campaigns for International Women in Engineering Day and Tomorrow's Engineer Week (in collaboration with the Women's Engineering Society).

We committed to create increased diversity amongst our senior leaders to provide ethnic minority role models.

During Black History Month, GlobeAll, our employee network representing employees from ethnic and cultural minority backgrounds, worked with senior leaders to pilot new mentoring circle sessions. The ethnicity pay gap has decreased in several of our grade groups.

Review of actions from 2022—continued...

Inclusive culture—continued...

We committed to continue our programme of communications and internal campaigns to improve ethnicity declaration rates.

Improving ethnicity declaration rates formed one of the key messages during Black History Month, as well as part of our communications and updates regarding the Business In The Community Race At Work Charter.

Ethnicity declaration rates throughout 2022 have been at an average rate of 87%.

Other actions we undertook:

Reassigning Public Holidays policy.

As part of our aim to increase the level of inclusivity to our employment policies, GlobeAll put forward a proposal to allow employees to reassign religious public holidays to other religious festivals and events. We worked closely with GlobeAll, our Faith Network and our Trade Union colleagues to amend our public holiday policy to allow this.

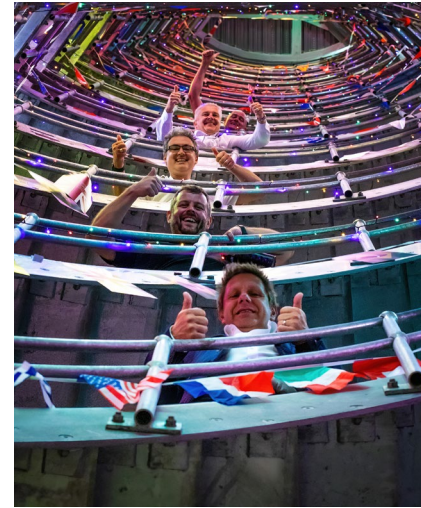
Working Remotely Overseas Policy.

Again, as part of our aim to increase the level of inclusivity in our employment policies, and in conjunction with GlobeAll and our Trade Union colleagues, we have also introduced a new policy which gives employees, who can perform their role remotely, the option to request to work remotely overseas for a short period of time each year (this is available to those employed on UK terms and conditions).

Supporting our corporate charity partner Aerobility on the Equal Skies Charter.

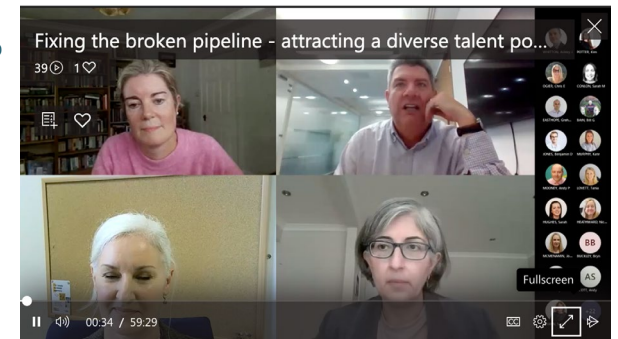
We have been supporting Aerobility and other leading aviation advocates to create a new Equal Skies charter. The charter has been designed to encourage organisations to show a commitment to the equality of the disabled community. This further demonstrates our commitment to ensure equality across our workforce and to reduce barriers for both current employees and potential hires.

Aerobility changes lives by providing access to aviation for anyone with a disability and has been one of our corporate charity partners since 2012.



Celebrated Inclusion Week 2022 with a focus on The Power of Now

We celebrated National Inclusion Week with a range of virtual sessions, open to all. This included live panel discussions, training and presentations, as well as personal stories and articles shared on our intranet. We also benefited from inspiring contributions from other organisations, including Virgin Atlantic, Aerobility, London South Bank University and Business in The Community. Six hundred employees engaged with the live sessions, which were recorded for colleagues to watch back at any time.



Juliet Kennedy Operations Director



As an organisation we are striving to achieve greater equality and have committed to a number of initiatives over the past few years to drive positive change. It is important, however, to be transparent about the fact that we have a long way to go to deliver on these aims, as reflected in our pay report.

We are committed to making improvements and this can be clearly demonstrated through our introduction of new policies such as the Menopause policy and our policy for supporting colleagues experiencing domestic abuse, as well as targeted work to remove gender bias and discrimination through recruitment. Our 2022 Early Careers recruitment campaign was a recent success with 58% of those appointed being female. In our operation, we have made changes to how we recruit and train to help attract as broad of a pool of applicants as possible.

We have also created an Operations Inclusion Group, which is focusing on the conversations we need to have and the decisions we need to make to create a safe and inclusive working environment.

We recognise we are a less well-known part of the aviation industry, so it's important we provide opportunities for people to experience what we do and see the many different career options available to them. Our collaboration with Fantasy Wings is an example of where we are working with other organisations to help reach and make connections with young people who are passionate about working in aviation.

We care about getting things right, and we recognise there is more we can and will do, but we are making progress and continuing to challenge ourselves to evolve and change.

Priyanka Choudhary HR Graduate



I joined the HR team as part of the 2022 graduate scheme. The recruitment process and experience was well structured and inclusive, supporting social mobility and attracting a diverse pool of talent. Assessment centres were held virtually, and the group discussions had diverse candidates, enabling diversity of thought and allowed me to showcase my abilities.

My experience of being at NATS so far has been filled with creative opportunities to apply my theoretical knowledge and

opportunity for personal development. I have experienced first-hand the organisation's commitment to D&I and as a result one of my first projects was around inclusive attraction and assessment, as well as initiating a blind CV process for the next cohort of Early Careers delegates.

My personal development and growth is supported, and everyone is respectful. I absolutely enjoy the work environment, it's agile, which helps create a better work-life balance.

Action plan 2023

We are continually planning and improving our diversity at NATS. This section details our planned actions for 2023.



“ During the 1960s Britain had a reputation for having the best air traffic controllers in the world, so it is good to see that at least hasn't changed.

Thomas Stone, Britain's first female air traffic controller
Thomas worked in Britain's Royal Air Force 1962 and 1964. She worked for NATS in August 2016

Action plan 2023

New D&I goals

Our D&I Steering Group is currently agreeing further goals (alongside closing our gender and ethnicity pay gaps) we can put in place to hold ourselves accountable for tackling inequalities where they exist, removing barriers for progression and ensuring a truly inclusive culture. These goals will ensure improved diversity amongst our talent population, successors identified for critical roles, and our recruitment panels, as well as striving for all colleagues to have completed our respect at work training, and all senior leaders to have undertaken training in inclusive leadership.

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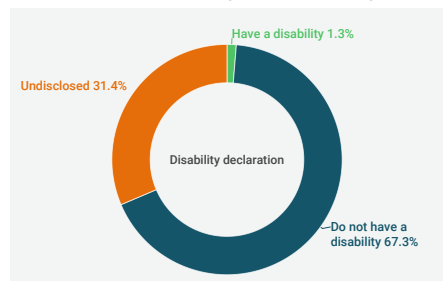
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Improve declaration rates

We will continue our campaign to increase declaration rates for both ethnicity and disability. In 2022 we held several campaigns encouraging individuals to share their ethnicity data, and we are now also asking people to complete their disability declaration. At the close of 2022, we had 1.3% of colleagues indicate that they have a disability, 67.3% indicate that they do not have a disability, and 31.4% that have not disclosed. In particular we are hoping to improve disability declaration rates to allow us to report on our disability pay gap in the future.



Ensure our leaders and managers are assessed on their contributions to achieving our D&I objectives.

We want all leaders and managers to take personal ownership for delivering our D&I objectives. Part of this will involve the inclusion of measurable personal objectives for our senior leadership team.

Increase attendance at D&I events and increase allyship support

We are fortunate to have employees who are passionate about driving the D&I agenda, and we benefit from the support of our employee networks, who represent employees from minority groups, as well as allies. We believe we now need to 'engage the unengaged' and extend the conversation to colleagues who haven't previously attended events or sought to learn and expand their knowledge and understanding of D&I.

This means continuing to engage in conversation with more people across our organisation to join or support the employee networks, as well making our D&I activities as accessible as possible.

Join Inclusive Companies and use opportunities for networking and learning

In January of this year, we formally signed up to become a member of Inclusive Companies. This is a cross-industry network providing resources, training, collaboration and data that will help us in achieving our objectives and sharing best practice. We intend to maximise the opportunities this will bring us as an organisation and learn from other businesses and employers of choice who are already driving innovation and setting the agenda in this area.

Undertake further education on discrimination as part of anti-bullying and respect at work campaigns

We'll also be looking at our existing programmes relating to anti-bullying and peer support to identify opportunities to educate people on tackling racial discrimination or bullying in the workplace. This will include ensuring the right information around inclusion and respect is in our induction programme.

Action plan 2023–continued...



Work towards becoming a Top 25 UK Employer by 2040

We have recently refreshed our company values and long-term strategy, and one of our objectives is to be a Top 25 UK Employer by 2040. As part of this, one of our measures is ‘we celebrate the diversity of our colleagues, ensure inclusion and mutual wellbeing, and treat each other with respect’. In the year ahead, we will be undertaking further work to identify the measures and milestones that need to be in place to monitor our progress.

One of our values is ‘We are respectful’ and will continue our communication campaigns to ensure that this is a prominent part of company culture and the way we do things.

To focus on inclusive assessment to ensure fair recruitment

This year we have proactively focused on inclusive assessment through our early careers campaign. This approach centred on social mobility, fair selection and unconscious bias education. We intend to broaden our approach focusing on:

- ▶ Reasonable adjustment and access for interviews/assessment
- ▶ Further education for hiring managers on inclusive assessment
- ▶ Minimum job requirement criteria enabling fair and consistent scoring
- ▶ The introduction of a revised recruitment and selection policy, which centres on inclusive practice

Close from Martin Rolfe



In May of last year, we launched our company strategy to 2040 and refreshed company values, signifying what the company will be like in future. This was in response to the reset the pandemic forced upon the aviation industry and provides us with new perspective and direction as a company. One of our four objectives is that, by 2040, we will be a Top 25 UK Employer to work for.

Our strategic objectives will help guide and prioritise all of our activities in the coming years, and I'm clear we will only achieve Top 25 UK Employer status by championing diversity and creating a truly inclusive culture. For me, this is not only a moral imperative, but is key to securing NATS' future prosperity.

In the coming year, we will be developing the plans and measures we will need to deliver the long-term objectives outlined in our strategy, and this will include closely monitoring our pay gap data to ensure we tackle any disparities and give all our employees an equal chance of success.

We also recognise that in a large organisation, with relatively low turnover, progress can be slow,

so it is vital for us to continue to remove barriers and ensure all employees have the access and support to progress in their careers and to feel safe and respected. Closing our pay gaps is just one of the key measures of success in support of this goal.

Inevitably the numbers do not yet reflect the positive action being taken across our organisation. This was anticipated given our enviably low level of employee turnover, but nevertheless means that the actions will take some time to translate into meaningful change to the pay gaps. Nonetheless, we are convinced that we are now taking the right actions and laying for the foundations that will bring about sustainable improvements in the future. We remain committed to doing all we can to accelerate their realisation in the action plan for 2023 and beyond.

Martin Rolfe
Chief Executive Officer



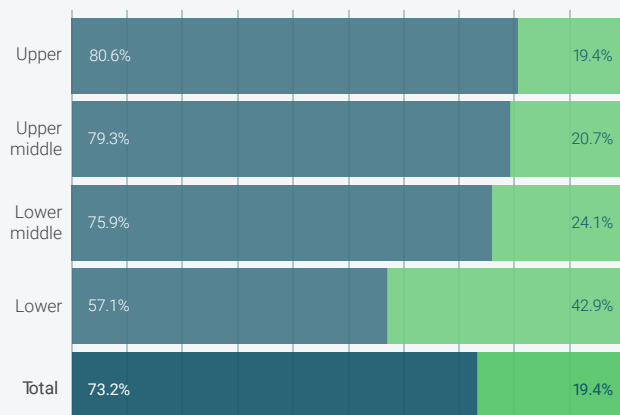
Our statutory declaration

Gender pay figures snapshot 5 April 2022

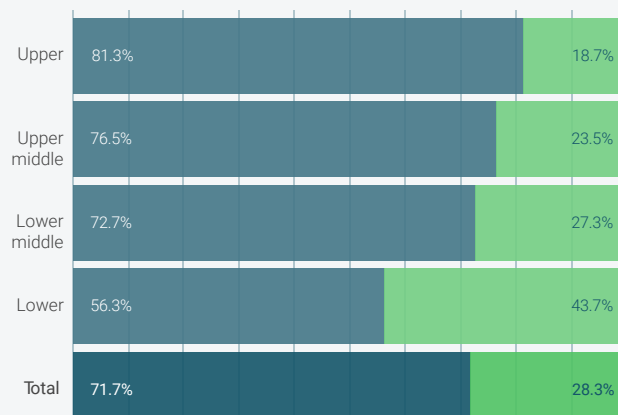


	Overall	NATS En route	NATS Services
Mean hourly pay gap	17.7%	18.1%	16.7%
Median hourly pay gap	19.2%	19.1%	17.5%
Mean bonus pay gap	90.1%	92%	60.8%
Median bonus pay gap	82.3%	89.4%	41%
Proportion of men and women who received bonus pay	0.4% Male 0.4% Female	0.4% Male 0.3% Female	0.6% Male 0.6% Female

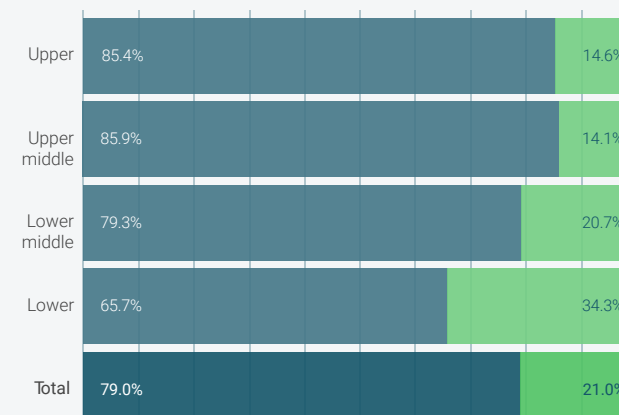
Overall pay quartiles



NATS En route pay quartiles



NATS Services pay quartiles



Useful definitions

Unequal pay vs. Gender pay gap

While both unequal pay and the gender pay gap deal with the difference in pay women and men receive in the workplace, they are two different measurements:

Unequal pay refers to the pay difference between two individuals or groups of workers carrying out the same comparable work. Under the Equal Pay Act 1970, it is unlawful to pay people unequally because they are a man or woman.

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. There are a number of potential reasons for gender pay gaps, in our case it is the historic imbalance between the number of higher paid men and women employed in the company.

Pay quartiles*

Pay quartiles reflect the balance of employees in four equal sized groups based on their hourly pay. The groups are calculated by listing all employees from the lowest hourly pay rate to the highest and then dividing the entire group into four equal parts. Each quartile reflects the percentage of male and female or white and ethnic minority employees.

Pay quartiles are a useful way to give an indication of women's or ethnic minority representation at different levels of the organisation.

Mean average*

The mean pay gap figure uses hourly pay of all employees to calculate the difference between the mean hourly pay of men or white employees, and the mean hourly pay of women or ethnic minority employees.

A mean involves adding up all of the numbers and dividing the result by how many numbers were in the list.

Mean averages are useful because they place the same value on every number they use, giving a good overall indication of the pay gap. But very high or low hourly pay can 'dominate' and distort the figure.

Median average*

This is the difference between the hourly pay of the median man or white employee and the hourly pay of the median woman or ethnic minority employees. The median for each category who is in the middle of a list of hourly pay ordered from highest to lowest paid.

A median involves listing all of the numbers in numerical order. If there is an odd number of results, the median is the middle number. If there is an even number of results, the median will be the mean of the two central numbers.

Medians are useful to indicate what the 'typical' situation is. They are not distorted by very high or low hourly pay (or bonuses). However, this means that not all pay gap issues will be picked up. They could also fail to pick up as effectively where the pay gap issues are most pronounced in the lowest paid or highest paid employees.

**Definitions based on <https://gender-pay-gap.service.gov.uk/>*

NATS

