Northern is committed to providing career opportunities for everyone, regardless of gender

This is our first gender pay report as Northern Trains Limited. In 2017 gender pay legislation was introduced and now organisations with more than 250 employees must publish an annual report with specific figures about their gender pay gap including:

- Distribution of male and female employees over pay ranges (in quartiles)
- Mean and median gender pay
- Proportion of females and males receiving a bonus.

We now employ over 6,500 colleagues and we understand how important it is to have a diverse and gender-balanced workforce which represents the customers and communities that we serve.

In what is a traditionally male orientated industry we recognise that there is work to be done to have a fair gender balance in our workforce. As part of our new Equality, Diversity and Inclusion (EDI) strategy we are taking practical and proactive steps towards attracting, recruiting, promoting and supporting women in the workplace.

Many people confuse gender pay gap with equal pay. The gender pay gap is the difference between what men typically earn compared to women, irrespective of their role and is a reflection of workforce profile. It is not the difference in pay between men and women for doing the same job which is known as equal pay.

You will find information on how the gender pay gap is calculated, what our results are and what we are doing to address it in this report.

Nick Donovan
Managing Director
Different jobs within our business pay differently and the number of women and men performing these jobs varies, therefore creating a gender pay gap.

The gender pay gap represents the difference between the average hourly pay and bonuses men and women receive across the business within or at a particular point of time.

The mean (average) is the calculation most people will be familiar with when calculating the average of something – essentially this adds the total of the constituent parts and then divides by the number of the constituent parts to calculate the average for each.

The median is different and is simply the middle figure of all of the constituent parts lined up. For example, if all employees were lined up in a separate female and male line, in order of pay from the highest to the lowest, the median gender pay gap compares the pay of the female in the middle of their line and the pay of the male in the middle of their line, as outlined in the graphic below.
Our results

The overall difference between men and women

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender pay gap</td>
<td>16.7%</td>
<td>26.7%</td>
</tr>
<tr>
<td>Gender pay bonus gap</td>
<td>6.2%</td>
<td>10.8%</td>
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</tbody>
</table>

Pay distribution

Lower Quartile
- Women: 25.0%
- Men: 75.0%

Lower Middle Quartile
- Women: 24.7%
- Men: 75.3%

Upper Middle Quartile
- Women: 11.5%
- Men: 88.5%

Upper Quartile
- Women: 7.1%
- Men: 92.9%

Proportion receiving bonus (ancillary) payments

- Women: 32.2%
- Men: 23.9%
Addressing the Gender Pay Gap

The gender pay gap at Northern is 16.7% due to fewer females in higher paid roles such as senior executives, train crew management, train drivers and engineers.

We are committed to providing career opportunities for everyone, regardless of gender and we are working hard on our Equality, Diversity and Inclusion (EDI) plans. As we grow a more diverse workforce we would expect our gender pay gap to reduce.

2020 was a fantastic year in terms of driving forwards our EDI agenda.

• We published our new EDI strategy, policies and procedures, building on the work that had been started.
• We engaged with colleagues from under-represented groups and formed our EDI steering group.
• We invested heavily in new recruitment practices and launched our “Be Northern, Be You” campaign to attract candidates from a wider range of backgrounds who may not have previously considered a career in rail.
• We achieved ‘Disability Confident’ status.
• We became members of ‘Inclusive Employers’.
• We’ve provided educational tools for all colleagues to encourage them to embrace and celebrate diversity.
• We have also partnered with the National Centre for Diversity with the aim of becoming “Best in Class” in the rail industry in terms of EDI.

We are continuing our EDI plans in 2021 by:

• Continuing work with Women in Rail to provide mentoring and career development opportunities for all our colleagues.
• Seeking Investors in Diversity re-accreditation.
• Embarking upon a ‘blind recruitment’ pilot which will eliminate any element of conscious or unconscious bias with regards to gender and ethnicity in our recruitment screening.
• Having EDI specialists and HR generalists sit on interview panels to help moderate our recruitment practices.

Our dedicated EDI Managers keep up the momentum on achieving our cultural aims, and ensure that employees at all levels keep a focus on building a workforce that truly represents the customers and communities that we serve.

Alongside these initiatives we are also taking proactive steps to address pay differential through such controls as impartial job evaluation for all new roles and pay benchmarking to help drive fairness, equality and transparency for consistent reward governance.