LONDON GATWICK GENDER AND ETHNICITY PAY GAPS REPORT 2023



Introduction

London Gatwick is the second largest airport in the UK and is currently the eighth largest in Europe by passenger numbers. It generates almost $\pounds 2.5$ billion for the UK economy and supports over 44,000 jobs.

In April 2022, we employed 2065 staff. The size of the organisation at that time reflected passenger numbers of around 70% pre-pandemic levels. In April 2023 passenger volumes increased, and a total of 2,257 staff helped us provide excellent service to our passengers and partners.

Throughout 2023, our refreshed vision — to be the airport for everyone — guided the organisation as we continued our strong recovery from the pandemic.

Why is this important to us?

As we rebuild and grow, it's important we do this in a sustainable and responsible way. This includes building a culture for our employees where everyone feels included and is able to thrive to the very best of their ability.

It also means being transparent about where we are and where we're heading. That's why, for the second year, we've published our ethnicity pay gap alongside our gender pay gap report. Having achieved our 2023 ambitions for women represented in our leadership and management levels, we thought it was important to refresh and uplifted our targets for 2026 to drive further improvements.

Gender ambition

- 33% of women in leadership roles by 2026.
- 40% of women in management roles by 2026.

Ethnicity ambition

- 12% of leaders will be from an ethnic minority background by 2026.
- 14% of managers will be from an ethnic minority background by 2026.

Our gender and ethnicity pay gaps are not a result of unequal pay, but of the imbalance of gender and ethnic diversity in some sectors of the company.

While we're pleased to see improvement in these areas from our 2022 report, we know that we still have a lot to do. For us this is about long term, sustainable change.

Stewart Wingate Chief Executive Officer, London Gatwick

Our progress so far

Since our last report, we've made positive progress against our plans...

- We launched our new <u>Diversity, Equity and Inclusion (DE&I) strategy</u>. This takes forward our ambition to create a workplace where everyone belongs, has a voice and knows they play an important role in our success.
- Representation of women is up at all levels, and we've achieved our 2023 ambitions for representation of women at leadership levels.
- DE&I is embedded throughout our second <u>Decade of Change</u> sustainability policy which takes us to 2030. Our new goals continue our great work in the community and local environment, but also have increased emphasis on our people and on emissions.
- In terms of our Northern Runway project, our proposals for recruitment and for supporting our local communities include a significant DE&I component.
- We have started reviewing our recruitment procedures, and soon we will be launching our new careers page with more information about our Business Resource Groups and our DE&I initiatives.
- 57% of our 2023 new graduates are female.

Our four employee-led Business Resourcing Groups (BRGs) played a key role raising awareness about the barriers faced by each group they represent. They also inputted into important policy and procedural changes to help make London Gatwick a more diverse, equitable and inclusive place to work. Equal Plane, our BRG dedicated to empowering women to fly higher, launched 'Pause for Menopause', a support group for colleagues going through perimenopause and menopause. With their support and input, we signed the menopause workforce pledge and launched our new Menopause Policy, with Equal Plane hosting a series of awareness sessions to bring this to life.

Our new Race, Ethnicity and Cultural Heritage group (REACH) helped us celebrate Black History Month for the first time. This culminated in a focused discussion with over 200 senior managers at our Autumn Leadership Event around the importance of representation and allyship.

Both groups also worked with our other BRGs — Able2, which represents disabled colleagues and those with long-term health conditions, and Gatwick Pride, representing our LGBTQ+ employees — on our 'It's OK' podcast. This explored the importance of inclusive language and was made available to all London Gatwick colleagues.

We are building an airport for everyone, whatever your journey, and this starts with our own people.

David Conway Human Resources Director, London Gatwick

Definitions

What is the Pay Gap?

The pay gap is the difference in the average hourly wage of all men and women, or all white and all people from an ethnic minority background across a workforce. Different jobs pay differently and as the number of women and men doing each job varies, a gender pay gap exists. It is the same for ethnicity. This is distinct from equal pay, which is the difference in pay between people doing the same or similar jobs.

What is the difference between mean and median?

- The mean is the average where the sum of all the numbers is divided by the total number of numbers. The median is the middle value in the list of given numbers numerically ordered from smallest to biggest, and mode is the value of the number which occurs most often in the list. Using the median value removes the impact of 'outliers'.
- The proportion of people in each quartile will divide colleagues into four equal-sized groups from lowest paid to highest paid and publish the proportion of the demographics in each group — called a quartile.

What is considered?

- Relevant employees are all employees employed on the snapshot date, who have a contract of employment — including employees who are part-time, job-sharing, and on leave.
- Ordinary pay is the basis to calculate the hourly pay, and this includes any monetary payment, such as:
 - basic pay
 - allowances
 - pay for leave
 - shift pay.

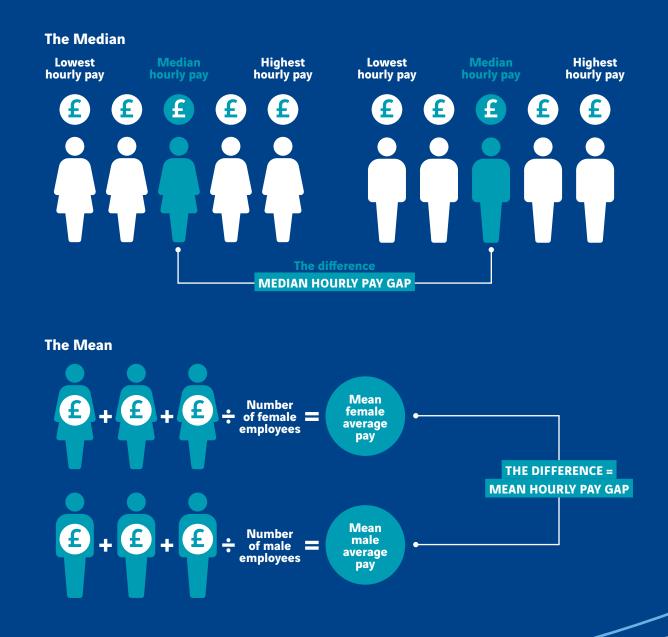
Bonus Pay includes:

- Performance bonus
- Long Service Milestone Awards
- Ad Hoc Bonus
- Long Term Incentive Payment
- Retirement Bonus
- Retention Bonus.

In 2022, though no-one received a performance bonus, some bonuses were still paid, like long service awards and retirement bonus. This is the reason why there is a big difference between the relevant employees receiving a bonus in 2022 and 2023.

Mean and Median defined

- The median pay gap is calculated by imagining two queues of all the employees in an organisation divided by gender or ethnicity. The salaries of the exact middle point in each queue are then compared to reveal the pay gap within the organisation at that point.
- The mean pay gap is calculated by comparing the average hourly pay of all the women in an organisation with the average hourly pay of all men in an organisation. Or in the case of ethnicity by comparing the average hourly pay of all people from ethnic minority backgrounds in an organisation with the average hourly pay of all white people in an organisation.
- The proportion of people in each quartile will divide colleagues into four equal-sized groups from lowest paid to highest paid and we publish the proportion of the demographics in each group — called a quartile.



Gender Pay Gap

(On the snapshot date of 5 April 2023)¹

Compared to last year, there is **an increase of female representation in all quartiles**.

There has been a **significant decrease of 5.5 percentile points on the mean pay gap**.

There is an increase on the median pay gap. To close the gap, we need to increase the gender diversity particularly in the upper middle and upper quartiles. This is also reflected on the bonus pay gap².

Our median gap is in line with the average for the major airports³ of 14.2% and the mean gap is slightly lower than the average of 15.0%.

¹ If Winter Bonus is excluded.

² Last year (2022), though no-one received a performance bonus, some bonuses were still paid, like long service awards and retirement bonus. This is the reason why there is a big difference between the relevant employees receiving a bonus in 2022 and 2023.

³ Heathrow, MAG and Luton.

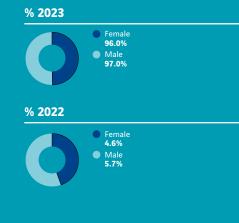
Quartiles



Full-pay relevant employees



Relevant employees receiving bonus



Relevant employees



Since our inception, Equal Plane has seen London Gatwick make a concerted effort to not only reduce the gender pay gap but also implement changes towards making the airport a great place for women to work. Equal Plane has supported these activities every step of the way, complementing them with our own initiatives such as a menopause education and support programme. We know London Gatwick has big DE&I plans for 2024 and we are excited to continue working together on further plans for the future. Amanda Jakes, Co-chair of Equal Plane

Ethnicity Pay Gap⁴

(On the snapshot date of 5 April 2023)⁵

There is an increase in ethnically diverse employees in all quartiles.

There has been a decrease of 1.5 percentile points on the mean pay gap, compared to last year's figures.

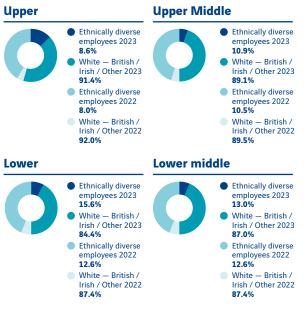
There is an increase on the median pay gap. To close the gap we need to increase the ethnic diversity particularly in the upper middle and upper quartiles. This is reflected on the bonus pay gap⁶.

⁴If Winter Bonus is excluded.

⁵Based on 86.8% of employees who have provided their ethnicity data.

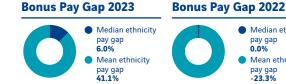
⁶Last year (2022), though noone received a performance bonus, some bonuses were still paid, like long service awards and retirement bonus. This is the reason why there is a big difference between the relevant employees receiving a bonus in 2022 and 2023.

Quartiles



Full-pay relevant employees

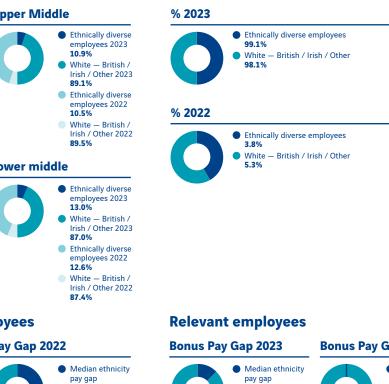






Encouraging progress is evident in narrowing our ethnicity pay gap and fostering a more diverse workforce. As Co-chair of the REACH Business Resource Group, we celebrate our diverse backgrounds and advocate for inclusion. Supported by the executive team and dedicated colleagues, our active 2023 included showcasing diversity at company events and promoting inclusivity through educational initiatives, such as Black History Month. We expect a lagging effect of our efforts, however we anticipate positive outcomes from implemented initiatives in the coming years. While significant work remains for our 2024 ambitions, the commitment to DE&I that we have seen is reassuring and crucial for achieving our targets for Ethnic Minority representation. This will ultimately cultivate a vibrant and inclusive work environment at London Gatwick. **Usman Afzal, Co-chair of REACH**

Relevant employees receiving bonus





What's next?

In 2024 we will be focusing on raising awareness and training, with different streams according to the needs of each role:

- We will start rolling out DE&I training to all staff
- All people managers will go through training on how to build inclusive teams
- All managers with hiring responsibilities will undergo specific training on inclusive hiring
- We have opened nominations for our 'Empowering Women to Achieve', a pilot programme specially designed to support female colleagues in developing their leadership capabilities and unlocking their potential
- We're introducing 'Inclusion Moments' into all our core people practices — aimed at challenging unconscious bias.

We continue our recruitment review to ensure we are attracting a more diverse pool of candidates, and that we minimise the possibility of bias during the recruitment process. We've already put initial steps in place for our 2024 graduate intake — which is trending in the right direction — with the ratio of female and minority ethnic candidates being maintained from application to interview stage.

Building on our support for colleagues going through menopause, an initiative which started in 2023, we will expand this by also including specific menopause support on our flexible benefits plan.

We will also be launching our reviewed family policies which aim to better support all families, especially for colleagues going through pregnancy and adoption.

As we seek planning permission to make regular use of the Northern Runway, we want to make sure we are ready to grow in a diverse and equitable manner, and that we have a truly inclusive workplace.

Maria Martins DE&I Lead



How we govern our performance

Following a review of the reporting guidance, we check our understanding and the scope of what we need to do for reporting purposes using the guidance found here:

- **GPG Collection**
- **GPG Who Reports**
- GPG What to Report
- GPG Calculations

It has been a pleasure for me to see and support Equal Plane's development and the way their work has been contributing to a more inclusive workplace for women. Their work specially around supporting people going through menopause has been life-changing for many colleagues.

Bronwen Jones, Development Director and Exec Sponsor for Equal Plane