

Gender and Ethnicity Pay Gap Report 2023

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NORTHERN

Go do your thing



We want Northern to be a great place to work for everyone

As one of the largest Train Operating Companies in the UK and a large employer in the north of England, we understand how important it is to have a diverse and gender balanced business which represents our customers and the communities that we serve.

We know people want to work somewhere welcoming, where they feel they belong and can truly be themselves. It's been proven time and again that diverse and inclusive organisations are more innovative, more resilient and better places to work.

We're proud of what we've achieved in recent years especially when our achievements have been recognised through external industry organisations such as Women in Rail. However, we know we have more to do, and in late 2023 we reset our priorities in our Equality, Diversity and Inclusion strategy, to focus on creating the best place for underrepresented groups to have a career in the railway, while recognising inclusion of all our colleagues regardless of their background.

This is our annual report for the period April 2022 to April 2023. For the second year running, we're also reporting our ethnicity pay gap which shows the difference in the average pay between our ethnic minority and white colleagues. Going beyond the statistics, this report provides an insight into the work we're doing to close any gaps.

Nick Donovan

Managing Director



Gender pay gap

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

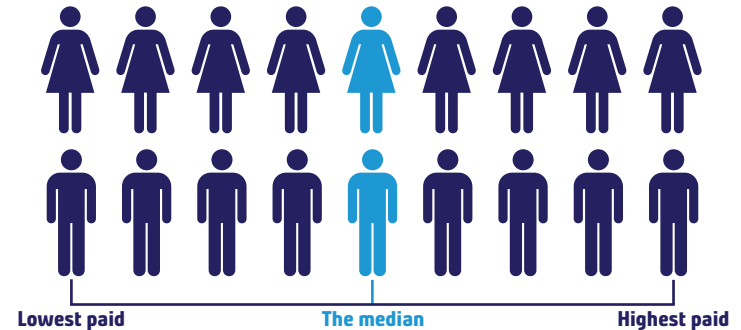
This is irrespective of their role, seniority and nature of their work. Importantly, this is different to equal pay which is a direct comparison of people who are performing work of equal or similar value.

How the gender pay gap is calculated

Roles within our business are paid differently depending on a number of factors, and the number of women and men performing these jobs varies, creating a gender pay gap.

This gap is calculated using the mean average, the percentage difference between the average pay of men and the average pay of women.

The median average is different and is simply the middle figure of a range when everyone's wages are lined up from smallest to largest. For example, if all men and women employed were listed separately, in order of pay from the highest to the lowest, the median gender pay gap compares the pay of the women in the middle of their list and the pay of the men in the middle of their list as outlined in the graphic.





Our gender pay gap results

The overall difference in pay between men and women

	2023	2022
Mean gender pay gap	12.9%	16.7%
Median gender pay gap	26.6%	26%



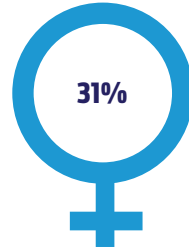
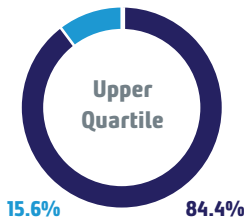
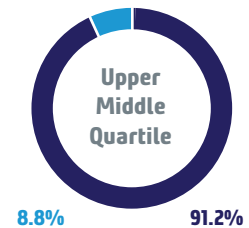
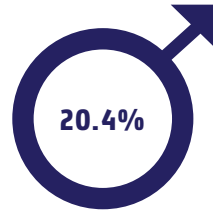
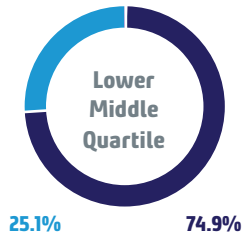
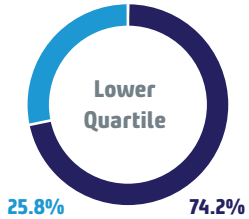
- The mean gender pay gap, which is based on the average hourly rate between men and women in Northern, has reduced. However, our median gender pay gap has increased.
 - Mean gender pay gap is 12.9% – compared with last year 16.7%.
 - Median gender pay gap is 26.6% - compared with last year 26%.
- The upper pay quartile has increased, while our upper middle pay quartile has fallen:
 - The number of women in our upper pay quartile is now 15.6%, compared to 8.3% last year.
 - The number of women in our upper middle pay quartile is now 8.8% compared to 12.5% last year.
- Bonus/ancillary pay shows that the average amount received is higher for women than men:
 - 31% women vs 20.4% men - compared to 21.5% women vs 17.4% men last year.

It is worth noting that this data is predominantly related to payment of commission to our conductor colleagues.

Gender pay gap results

Distribution of pay

% of men and women in receipt of 'bonus' payments



 Women  Men





What's driving our 2023 gender pay gap

Overall, during the 2022 to 2023 time period, there has been an increase in women working at Northern, with representation now at 19.03%, which continues to grow due to the efforts being made in attracting and retaining female talent.

Positive drivers:

- More women have been appointed into senior positions which is reflected by the increase of pay difference in the upper quartile (15.6% compared to 8.3% in the last report).
- 31% of women working at Northern were in receipt of bonus / ancillary payments, compared to 20.4% of men.
- The number of women in early careers (graduates and apprentices) has increased by 2 percentage points since the last report, which is attributed to an increase in the proportion of women in the lower pay quartile.

Negative drivers:

- The gender pay gap was impacted by industrial action and growth within our engineering division which has a higher proportion of men (88%).
- Additionally, as station and conductor roles have a higher representation of women, around 25% of which were also impacted by strike action, the results have been impacted.



Ethnicity Pay Gap

What is the ethnicity pay gap?

The ethnicity pay gap is the difference between the average hourly pay rate received by our ethnic minority colleagues compared to our white colleagues. It is calculated in the same way as the gender pay gap.

The median pay gap is the difference between midpoints in the ranges of hourly earnings of ethnic minority and white colleagues.

The data in this report reflects the position of those colleagues who have chosen to declare their ethnicity, which is 93% of Northern colleagues.



Our ethnicity pay gap results

The overall difference in pay between ethnic minority and white colleagues

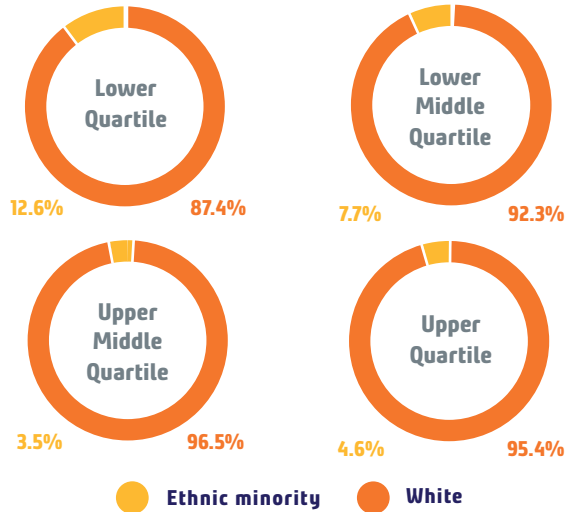
	2023	2022
Mean ethnicity pay gap	18.5%	17.8%
Median ethnicity pay gap	26%	21.1%

- Both mean and median ethnicity pay gap has increased:
 - Mean ethnicity pay gap is 18.5% – compared with last year 17.8%.
 - Median ethnicity pay gap is 26% - compared with last year 21.1%.
- Upper quartile pay distribution has increased whilst the upper middle quartile has decreased:
 - Upper pay quartile is now 4.6% compared to 3% last year.
 - Upper middle pay quartile is now 3.5% compared to 4.4% last year.
- Bonus/ancillary pay shows that the average amount received is higher for colleagues from ethnic minority backgrounds than white colleagues:
 - 27.5% white colleagues vs 29% colleagues from ethnic minority backgrounds.

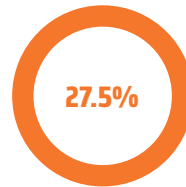
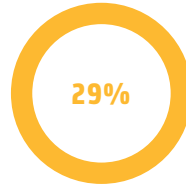


Ethnicity pay gap results

Distribution of pay



% of ethnic minority and white colleagues in receipt of 'bonus' payments





What's driving our ethnicity pay gap

Positive drivers:

- Representation of colleagues from an ethnic minority background has increased by 19% in the past year, with overall representation in Northern at 6.47% of the workforce. However, more work needs to be done to ensure we are reflective of the communities we serve.

Negative drivers:

- The median pay gap is larger than the mean gap due to a large proportion of ethnic minority colleagues employed in a lower pay grade.
- The mean pay gap has increased by 0.7% due to an increase in appointments of colleagues from ethnic minority backgrounds in lower grade roles compared to senior roles. 31% of colleagues appointed in Train Presentation roles were from an ethnic minority background.
- Industrial action across specific grade groups where there is a higher representation of ethnic minority colleagues impacted these results, particularly the median pay gap, which is reflected by an increase of 4.9%, compared to 2022.



Addressing our gender and ethnicity pay gap

In 2023 we reset the Equality, Diversity, and Inclusion strategy to focus on key priorities and recent successes. These include:

- Ensuring that equality, diversity and inclusion is considered in everything we do for colleagues, from the moment they join the company to career progression and development.
- 40% of Northern's people KPI's are aligned to growing more diverse employee representation which puts Northern in a stronger position to be more representative of the customers and communities that we serve.
- Relaunching the Northern Women colleague network and creating a dedicated working group to contribute to creating and implementing actions that will improve the employee experience for women in our business.
- Continuing to listen and involve women who work at Northern in reviewing our employee journey and celebrating their achievements through our successful 'Go Do Her Thing month' campaign during March.
- Engaging with men who make up the majority of our workforce, to create a safe culture of belonging, where they can act as allies for our underrepresented groups.
- We have long standing relationships with schools and colleges and have run several successful events at our TrainCare Centres to promote careers in engineering for women. Following one event, 30% of attendees expressed an interest in applying for apprenticeship roles in engineering.



- Dedicated recruitment and attraction campaigns, especially focused on drivers and conductors, drive diverse hires and strengthen the Northern employer brand amongst women and other underrepresented groups.
- Ongoing activities to further embed diversity related activities with our Menopause Policy, Gender Transition Policy, Domestic Abuse Support Policy and Sexual Harassment Policy. In addition, 17 Sexual Harassment at Work (SHAW) advisors have been introduced across the network to support colleagues in reporting incidents.
- Numerous colleagues at various levels have participated in industry-wide events and panels acting as role models and subject matter experts on gender equity.
- We are proud members of Inclusive Employers and have signed Women in Rail and the Railway Industry Association Equality, Diversity and Inclusion Charter for the UK Railway Industry.
- All managers complete the Leadership Track development programme, with Equality, Diversity and Inclusion being a key topic of the course syllabus.
- Northern was the first Train Operator to pilot the 'Activate your Potential' career development programme, a pioneering scheme in the rail industry focused on ethnic minorities.
- Awarded Highly Commended as Top Employer of the Year at the Women in Rail Awards.
- Successfully shortlisted for several awards - Northern Power Women in Large Organisation of the Year category, Greater Manchester Good Employment Awards under Best of Inclusion category and Yorkshire Post Excellence in Business Awards for Diversity and Inclusion category.
- We are a Disability Confident Level 2 employer.