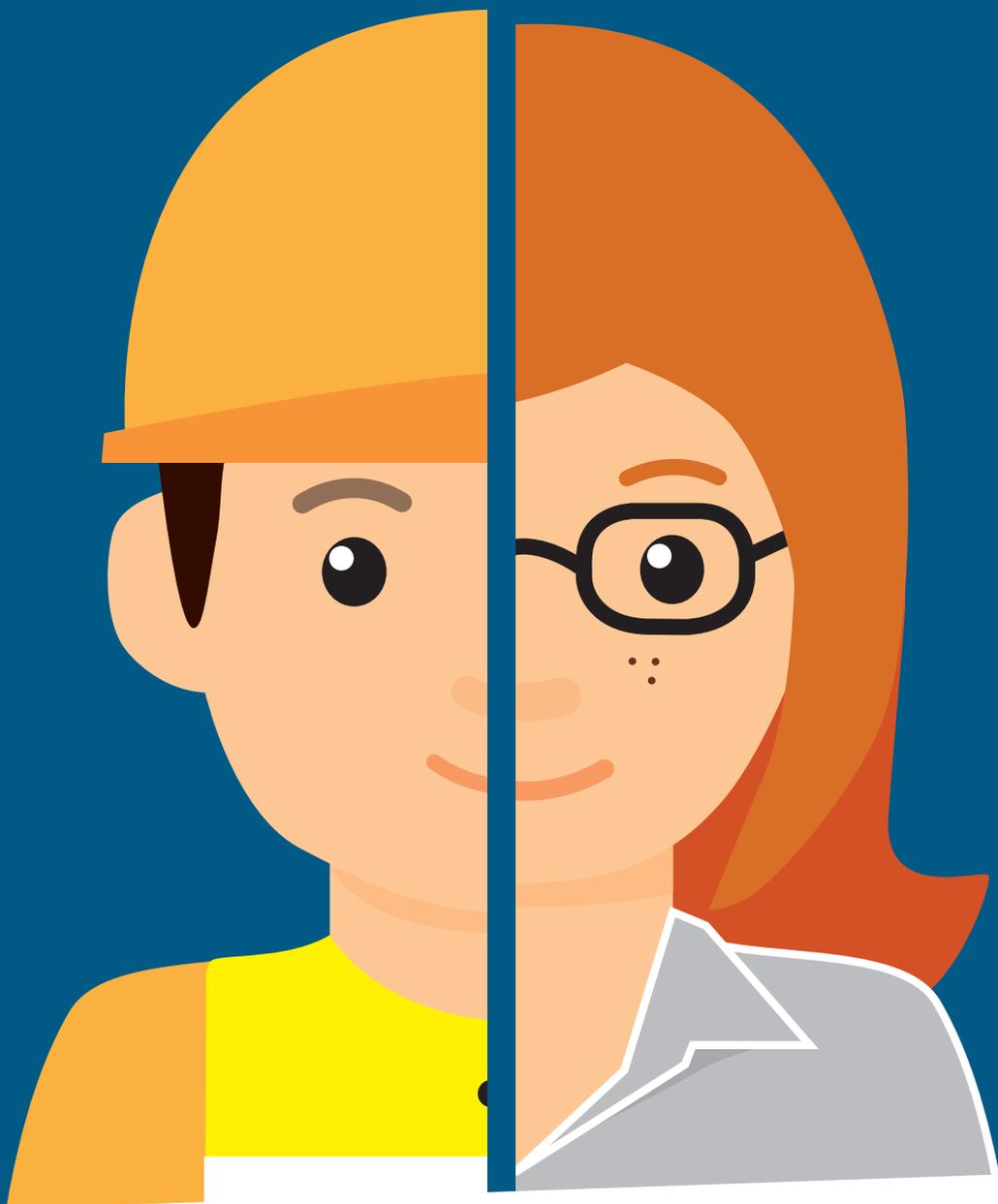


MAG Gender Pay Gap Report 2017



Closing the gender pay gap together



We are committed to diversity and inclusion.



"Here at MAG we want to ensure that all colleagues are treated fairly and equally and that ultimately, talent is the only criteria for success. For many years, we have had firm commitments to diversity and inclusion and we will continue to embed these across our business to build an inclusive culture where everyone can do their best work.

We welcome the introduction of gender pay gap reporting and what it sets out to achieve and we will be working closely with colleagues right across our business to continue our journey to reduce and eliminate the gender pay gap.

The results within our Gender Pay Report, have been carefully calculated and I can confirm they have been independently verified by an external organisation."

Charles T. Cornish

Charlie Cornish

Chief Executive Officer

We believe in
fair pay for our
colleagues for
the contribution
they make,
irrespective
of gender.

Understanding the Gender Pay Gap

Gender pay vs equal pay

The Gender Pay Gap (GPG) is different from Equal Pay. Equal Pay is about men and women receiving equal pay levels for the same work or work of equal value.

The Gender Pay Gap measures the difference in average pay for men compared to the average pay for women, expressed as a percentage of men's pay.

A stylized illustration of a man with short brown hair, wearing glasses, a white shirt, a green tie, and a dark suit jacket. He is smiling slightly. The illustration is positioned on the left side of the page, partially overlapping the text area.

The Gender Pay Gap is the difference in average pay between men and women.

Gender Pay Gap Reporting

The UK GPG was 17.4% in 1997, reducing to 9.4% in 2016. The Government considers this rate of progress too slow and committed to close the GPG within a generation. Regulations have been put in place for companies with over 250 employees to calculate and report their gap annually.

These regulations require MAG to report on six calculations that show the difference between the average earnings of men and women in our organisation.

Used to its full potential, we believe GPG reporting is a valuable tool, which can be used to assess:

- the levels of gender equality in our workplace
- the balance of male and female employees at different levels
- how effectively talent is being maximised and rewarded.

Equal pay is when men and women receive equal pay levels for the same work.



MAG's Gender Pay Gap Results (as of 5th April 2017)*

MAG is a leading airports group that owns and operates three airports: Manchester, London Stansted and East Midlands. We believe in fair pay for the contribution made.



33% **67%**

* Numbers of men/
women and total
workforce as at
snapshot date of
5 April 2017.

Actual split was
2027 women
and 3442 men.

Hourly Rate Pay Gap

Mean*
Hourly Pay Gap

8.6%

Median**
Hourly Pay Gap

2.6%

On average across the Group women are paid 8.6% less than men.

We have identified two main factors in our hourly rate gender pay gap.

1.

Women occupy a smaller share of senior positions than men.

2.

The inclusion of shift pay and early start payments in the hourly rate calculation. 65% of our workforce receives these payments. Since 64% of these employees are men and 36% women, the addition of shift payments increases pay levels for more men than women. MAG believes it is fair to pay a premium for working unsocial hours.

Gender is not a factor in determining pay rates. Base salaries for all non-management roles are annually reviewed with trade unions at airport level and awarded uniformly.

Entry pay rates are set by the grade of the role. The grade is objectively assessed and evaluated by HR. These activities also allow MAG to perform equal pay checks.

For Management level roles, pay rates are set within the agreed pay range guidance. Qualifications, experience, performance and market forces are taken into consideration when reviewing salary. We conduct regular internal checks on salary levels and salary progression. MAG believes the offering of flexible and part time working is important for attraction and retention of both men and women, and extended maternity leave is offered and supported should the colleague wish to take it.

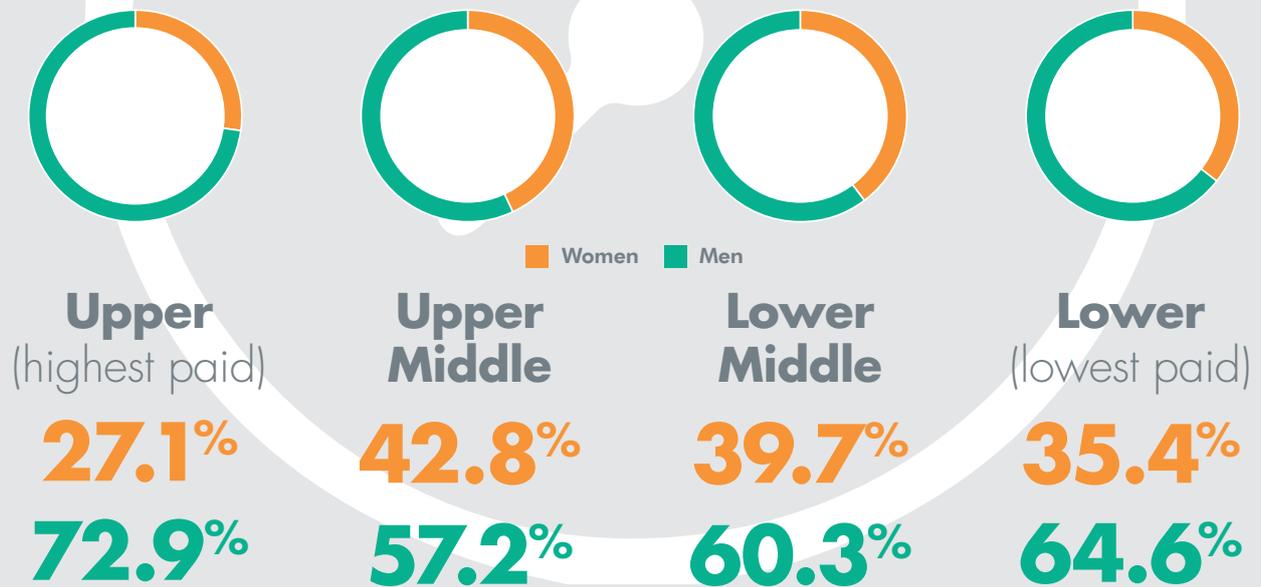
* **Mean hourly pay gap is the difference in the average hourly pay rate (sum of hourly rates divided by the number) for women compared with men across the organisation.**

** **Median hourly rate is the middle value across all hourly rates. The median pay gap is the difference between the median rate for women compared with the median rate for men.**

Hourly Pay Quartiles

This calculation shows the proportions of men and women in four quartile pay bands. All men and women's hourly pay rates are ranked from the lowest to the highest to create four equal bands.

Comparing results between the quartiles shows the distribution of men and women across MAG. Our quartiles are broadly aligned to our gender representation across the business.



Proportion of employees who receive bonus pay



The Bonus Rate Gap

The Bonus Rate Gap between
men and women is:

Mean*	Median**
Bonus Pay Gap	Bonus Pay Gap

53.5%	19.6%
--------------	--------------

BONUS

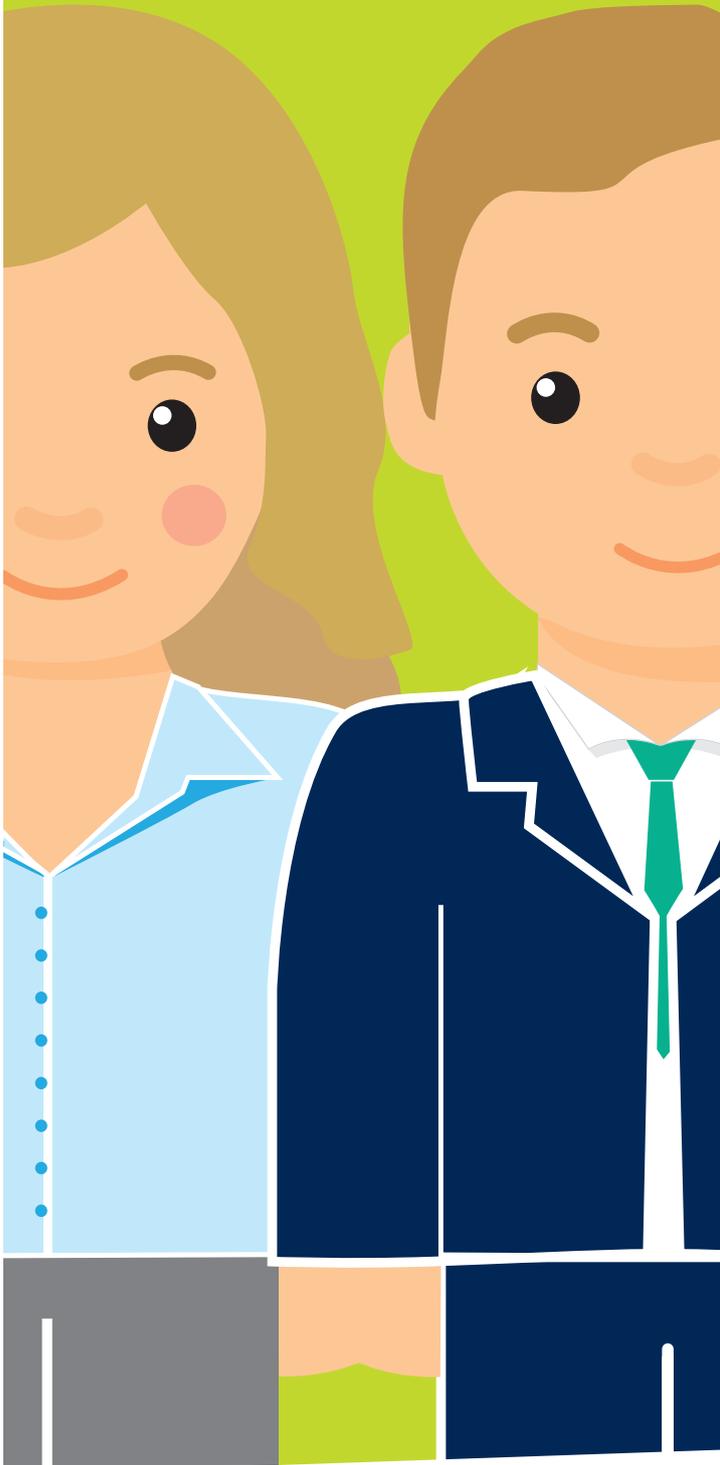
The gap can be explained by:

- 1.** Women occupy a smaller share of senior positions than men
- 2.** MAG's openness to consider part-time working for senior roles which is more prevalent for women and means that the bonus is reflective of a part time contribution
- 3.** A significant number of women taking maternity leave based on this years calculation. As bonus pay is not calculated on a full time equivalent basis (in contrast to base pay calculations) this creates a further gap between a part time/part year based bonus and a full time based bonus.

* See page 5 for Mean footnote.

** See page 5 for Median footnote.

Around our airports



Manchester Airport

Hourly pay gap

Mean* hourly pay gap

7.3%

Median** hourly pay gap

3.7%

Bonus Pay Gap

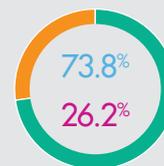
Mean* Bonus pay gap

49.0%

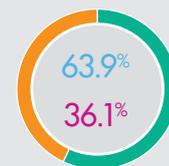
Median** Bonus pay gap

23.0%

Hourly Pay Quartiles



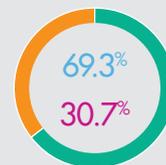
Upper
(highest paid)



Upper Middle



Lower Middle



Lowest
(lowest paid)

Proportion of employees who receive bonus pay

88.6% **86.7%**

Women Men

* See page 5 for Mean footnote.
** See page 5 for Median footnote.

London Stansted Airport

Hourly pay gap

Mean* hourly pay gap

11.6%

Median** hourly pay gap

7.9%

Bonus Pay Gap

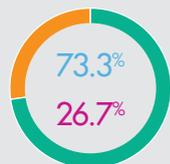
Mean* Bonus pay gap

59.3%

Median** Bonus pay gap

24.9%

Hourly Pay Quartiles



Upper
(highest paid)



Upper Middle



Lower Middle



Lowest
(lowest paid)

Proportion of employees who receive bonus pay

93.0% **92.9%**

East Midlands Airport

Hourly pay gap

Mean* hourly pay gap

15.7%

Median** hourly pay gap

1.3%

Bonus Pay Gap

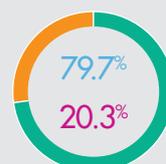
Mean* Bonus pay gap

53.7%

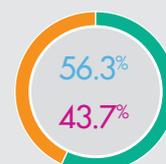
Median** Bonus pay gap

6.1%

Hourly Pay Quartiles



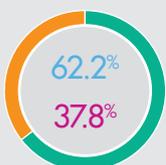
Upper
(highest paid)



Upper Middle



Lower Middle

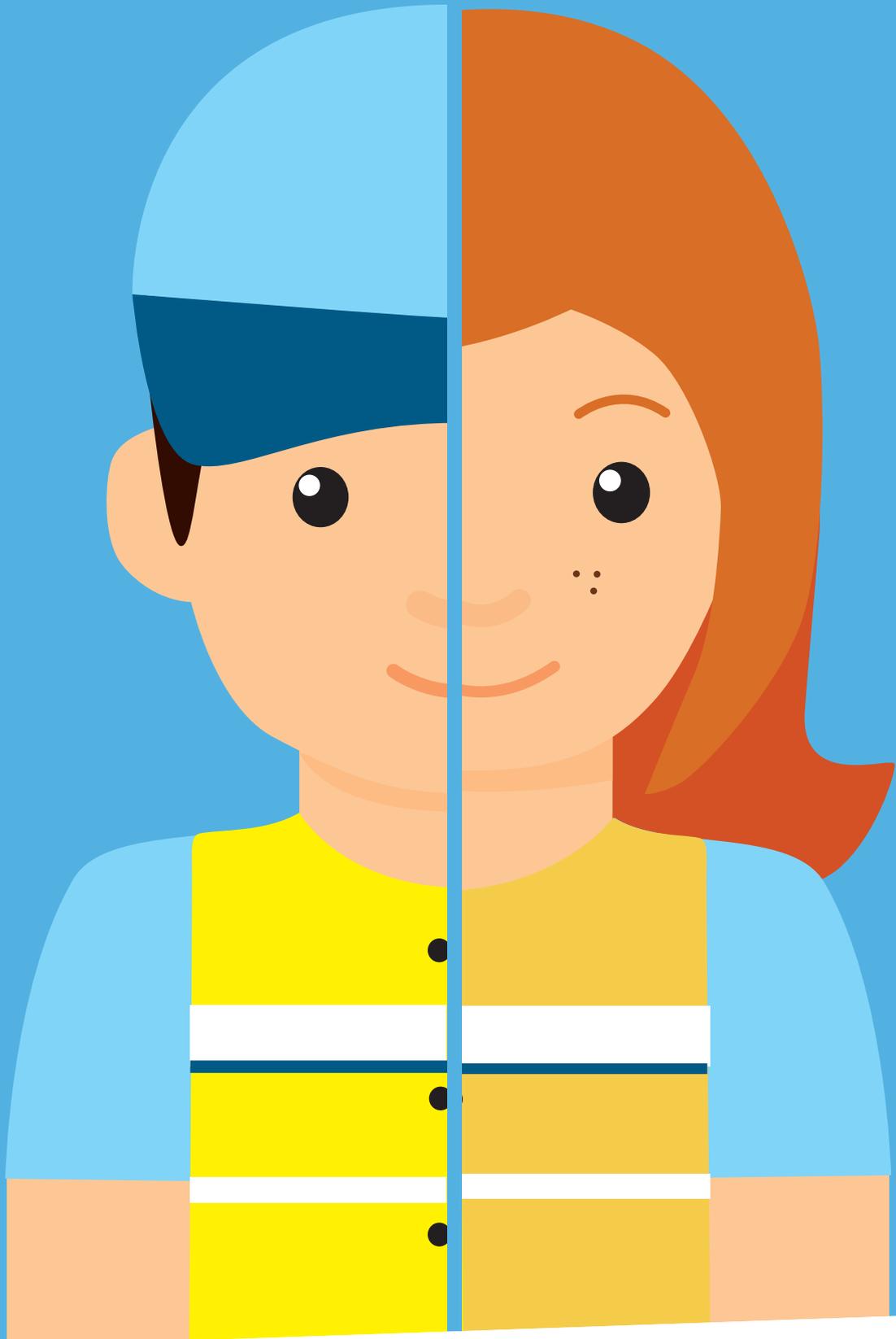


Lowest
(lowest paid)

Proportion of employees who receive bonus pay

78.8% **85.6%**

Closing the gap



Steps to improve gender diversity

At MAG we are committed to increasing our organisational diversity and inclusion at all levels of our business. We have a diverse customer base and aim to support and mirror that diversity within MAG.

Our approach to diversity and inclusion is centred on three key areas, which we believe will also help to address our GPG.



Inclusive leadership

We believe that the key to diversity is having inclusive leaders. Inclusive leaders are proven to get the best out of all their people through increased levels of engagement, collaboration and discretionary effort.

Action points

- We are focused on developing awareness across our leadership population, providing training on unconscious bias and providing our leaders with the tools they need to drive diversity in their areas of responsibility.

Creating an inclusive working environment

We weave diversity and inclusion throughout our business processes and activities to ensure unbiased, fair and equitable processes and behaviours to drive an inclusive working environment across MAG.

Action points

- We are tracking performance against the existing diversity strategy and corresponding action plan as agreed by the Executive Committee.
- We are partnering with Business in the Community to deliver diversity awareness sessions across all airports.
- We are offering talent and emerging talent development programmes to employees. These have been subscribed with a 50:50 gender split and attrition is closely monitored for gender driven trends.
- We are reviewing and amending our recruiting processes and marketing to reduce the opportunity for gender bias and specified gender represented short lists by preferred partner and internal recruiter.

Career progression opportunities and support for all employees

Our commitment to diversity provides unbiased opportunities to all for a successful career with MAG. We want to reduce any barriers to our employees reaching their potential.

Action points

- We are offering flexible and part time working to attract and retain both male and female employees at all levels. This helps enable career progression for everyone.
- We have also created a focus group which is working through our maternity returners procedures and employee experiences to provide targeted support to improve the transition back to the workplace and ongoing career progression. This includes development of a support network for members.

By continuing our commitment to providing an unbiased, inclusive working environment, promoting flexible working and supporting colleagues to develop and progress their careers, we will succeed in closing our gender pay gap.

