NORTHERN TRUST

NORTHERN TRUST GENDER PAY GAP REPORT

FOREWORD

Fostering and supporting a globally diverse and inclusive workforce is a strength of Northern Trust and is what will help us to succeed. We are an equal opportunity employer and aim for excellence in our efforts to recruit and develop our workforce.

As required by government legislation, Northern Trust and all companies in Great Britain with more than 250 employees, must disclose their gender pay gap annually. We support the widespread publishing of gender pay gaps and are continually looking to make improvements to close our own gender pay gap.

For us, this is about ensuring equal opportunity for all men and women to participate in all areas of work and at all levels of seniority. We support this by the many initiatives and policies embedded in our organisation, such as our flexible working policies, Women in Leadership and Working Families Business Resource Councils and external networks including the London Women's Forum and WeAreTheCity.

Some of these initiatives will impact and address our gender pay gap, for example:

- Running leadership development programmes, such as our Diverse Leaders' Programme, for diverse groups. Our women's programme has been running for five years and is designed to ensure the pipeline of female talent for senior roles remains strong.
- Joining the Women in Finance Charter and setting targets to address gender diversity at Northern Trust. We'll continue to focus on activities that will help us to achieve these targets.
- Including unconscious bias training for hiring managers and recruiters to address potential bias in our recruitment processes and ensuring the slate of candidates we consider for senior roles is diverse.

Teresa Parker
President, Northern Trust EMEA

Mark Lacey
Chief Human Resources Officer EMEA

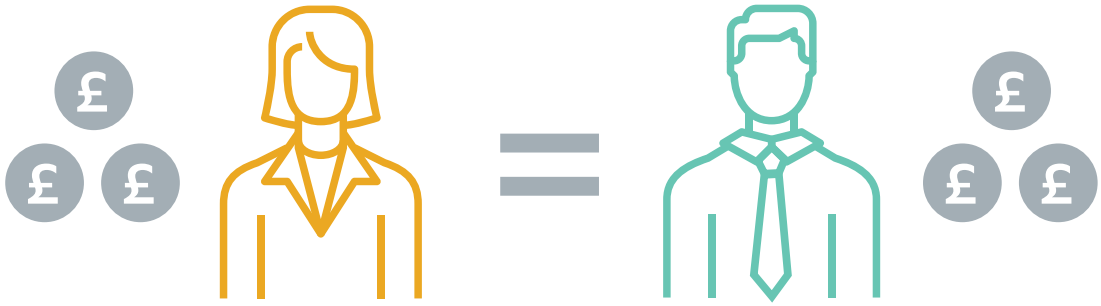
WHAT IS THE GENDER PAY GAP?

The gender pay gap is often confused with equal pay - but they are not the same. The gender pay gap is the difference in the average hourly pay of all men and all women in an organisation. Equal pay is about ensuring men and women get the same salary for equivalent work (i.e. carrying out the same jobs).

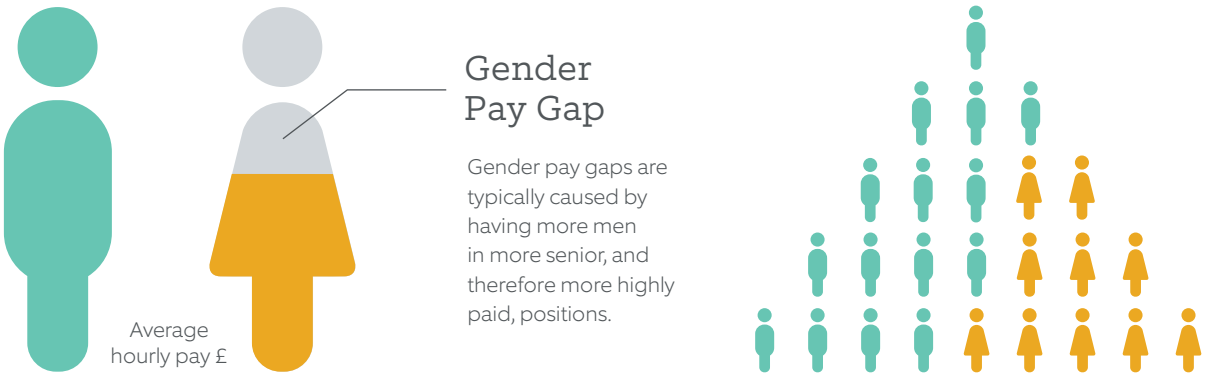
You can have a gender pay gap without having an equal pay problem. This is because gender pay gaps are typically caused by having more men in more senior, and therefore more highly paid, positions. This will mean that men receive a higher average pay than women.

There are a number of legitimate reasons people can receive different pay for doing the same job. For example, skills, previous experience, how long they have been in a role and where in the country they work.

EQUAL PAY IS ABOUT ENSURING MEN AND WOMEN GET THE SAME SALARY FOR EQUIVALENT WORK



GENDER PAY GAP IS THE DIFFERENCE IN AVERAGE HOURLY PAY OF ALL MEN AND ALL WOMEN IN AN ORGANISATION



OUR GENDER PAY GAP

Pay and Bonus Gap

At Northern Trust our overall gender pay gap (at the snapshot date 5 April 2019*) is 17.6% on a mean basis and 14.7% on a median basis (shown in Table 1). This table also shows the mean and median difference between bonuses paid to men and women for the 2018/2019 performance year.

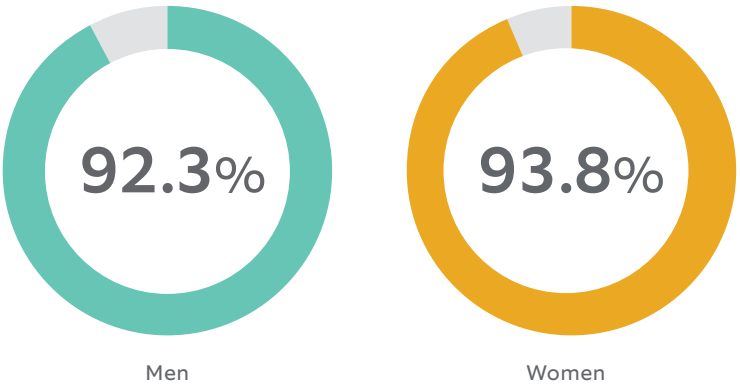
The gender pay gap within financial services is around 33%. Our gender pay gap mean is 17.6% and median is 14.7%, compared to the national mean and median pay gaps of 16.2% and 17.3% respectively.

At Northern Trust, although the number of men and women receiving a bonus is comparable (Exhibit 1), our median bonus gap is 30.2% and our mean bonus gap is 44.7% (Table 1). This suggests that our gender bonus gap is a result of the amount of bonus paid rather than more bonuses being given to men.

TABLE 1

	Mean	Median
Women's Hourly pay is..	**17.6%** lower	**14.7%** lower
Women's Bonus pay is..	**44.7%** lower	**30.2%** lower

EXHIBIT 1: WHO RECEIVED BONUS PAY?



The demographic profile of our organisation is a major reason for our overall gender pay gap and we have been taking action to tackle this at Northern Trust.

Pay Quartiles

At the snapshot date of 5 April 2019 our gender pay gap tells us that there is an over-representation of females in the lowest paid quartiles and an under-representation of females in the upper, higher paid quartiles. This means that there are more men in more senior, and therefore highly paid, positions.

TABLE 2: PAY AND BONUS GENDER GAP

Pay Quartiles	Lower quartile	Lower middle quartile	Upper middle quartile	Upper Quartile
Men	53.5%	60.4%	62.6%	71.9%
Women	46.5%	39.6%	37.4%	28.1%

* Figures reported are as at 5 April 2019 as this is the date all organisations are required to provide a snapshot of their pay data.

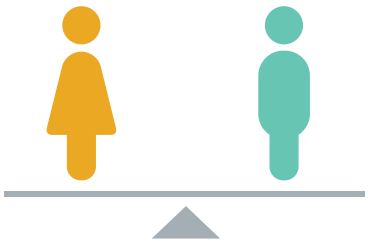
DIVERSITY AT NORTHERN TRUST

Fostering and supporting a globally diverse and inclusive workforce is a strength of Northern Trust. This is supported by the many initiatives and policies embedded in our organisation, such as our flexible working policies, Women in Leadership and Working Families Business Resource Councils and external networks including the London Women's Forum and WeAreTheCity.

Some of these initiatives will impact and address our gender pay gap, for example:

- Running leadership development programmes, such as our Diverse Leaders' Programme, for diverse groups. Our women's programme has been running for five years and is designed to ensure the pipeline of female talent for senior roles remains strong.
- Joining the Women in Finance Charter and setting targets to address gender diversity at Northern Trust. We have achieved the target set for December 2020 and will focus on activities that will help us continue to move forward.
- Including unconscious bias training for hiring managers and recruiters to address bias in our recruitment processes and ensuring the slate of candidates we consider for senior roles is diverse.

Although we have strong Diversity, Equity and Inclusion initiatives, we always want to do better and are committed to ensuring we achieve gender balance at all levels.



GLOSSARY OF KEY TERMS

Pay means the gross hourly pay received during the pay period in which 5 April falls.

Bonus pay is the gross bonus received during the 12 months prior to 5 April. It is the actual bonus paid, rather than full-time equivalent for those who work part time or were on a leave of absence during the previous 12 months.

Overall pay gap is defined as the difference between the average male salary and the average female salary, expressed as a proportion of the average male salary.

Mean pay gap is the difference between the average hourly pay of men and women. This is often expressed as a percentage to give the gender pay gap in hourly pay as a percentage of men's pay.

Median pay gap is the difference between the median hourly pay rates of men and women. This is often expressed as a percentage to give the median gender pay gap in hourly pay as a percentage of men's pay.

Demographic profile is the representation of males/females within grades across an organisation.

Equal pay is ensuring men and women are paid the same for work of equal value (set out in the Equality Act 2010).

Gender pay gap is a measure looking at the difference in the gross hourly pay for both men and women across the organisation and is expressed as a percentage of men's earnings.

TO LEARN MORE:

Visit our Diversity, Equity and Inclusion page: **northerntrust.com/gender-pay-gap.**

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