



**Babcock International Group PLC
UK Gender Pay Gap Report 2018**

Fairness, equality and inclusion

This is our second annual gender pay gap report. In our last report we outlined the reasons we believe we have a pay gap and our approach to close it. We are pleased that we are making progress and that our gap has reduced compared to last year (2017 data). We are committed to continuing our efforts to further reduce the pay gap.

Whilst this is a small positive step in the right direction, we are conscious that there are many factors that can influence the numbers (positively and negatively) on a yearly basis. Examples such as the constant shifting composition of the workforce as people join and leave the organisation, along with doing the right thing by increasing the number of female entrants into our early careers programmes, can result in a widening of the pay gap in the short term. For reasons like these, it's important that we take a longer term view in terms of both our action plans and how we view annual progress to close our gap.

Like others in the engineering sector, we face challenges recruiting female employees with STEM (Science, Technology, Engineering and Maths) qualifications and experience, due to fewer females studying these subjects in the UK than men. This coupled with a low turnover of staff, means our opportunity to change quickly is limited, so it will take time to close our gap, but we are focused on doing so.

A bit about Babcock

Engineering is in our DNA and technology is at the core of our engineering skills and capabilities. We provide skilled, bespoke services, focusing on providing critical support to customers in our three key markets: Defence, Emergency Services and Nuclear. We have a solid track record of operating in highly regulated environments to deliver critical civil and defence engineering work across our Marine, Land, Aviation and Nuclear sectors. We own and operate extensive equipment, facilities and infrastructure and have a high concentration of qualified technicians and professional engineers within our workforce.

What is the Gender Pay Gap?

Every year employers with more than 250 staff have to report the following data:

- Gender pay gap
- Gender bonus gap
- Proportion of men and women receiving bonuses
- Proportion of men and women in each quartile of the organisation's pay structure.

The gender pay gap is not the same as equal pay. The gender pay gap is the difference between average male and female pay across the organisation and across all roles. Equal pay means that men and women receive the same pay for carrying out the same or equivalent work. Having a gender pay gap does not mean that men and women at Babcock are not receiving equal pay.

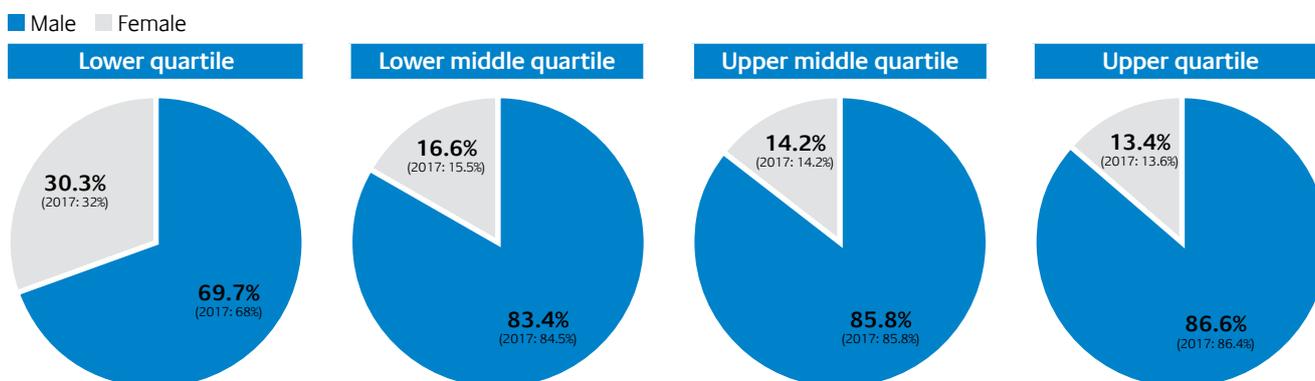
Our Data for 2018

We have over 30 legal entities employing staff in the UK. The data below is for the Group. The data for each Babcock entity which has 250 or more staff is set out in the table on the last page.

Mean and median gender pay gap	Mean pay gap	Median pay gap
The mean gender pay gap is the difference in average hourly rates of pay that men and women receive, expressed as a percentage of male employees' earnings.	2018: 14.1%	2018: 16.0%
The median gender pay gap is the difference in the midpoints of the ranges of hourly rates of pay for men and women, expressed as a percentage of male employees' earnings.	2017: 16.2%	2017: 16.5%
The UK average gender pay gap is: 17.9% (ONS)		
Mean and median gender bonus gap	Mean	Median
The mean gender bonus gap is the difference in average bonus pay that men and women receive, expressed as a percentage of male employees' earnings.	2018: 27.1%	2018: 3%
The median gender bonus gap shows the difference in the midpoints of the ranges of bonus pay received by men and women, expressed as a percentage of male employees' earnings.	2017: 36.5%	2017: 26.9%
Proportion of males and females receiving a bonus	Men	Women
This is the percentage of men and women who received bonus pay in the 12 months up to 5 th April 2018.	23.5% of men receive bonus pay	24.8% of women receive bonus pay
Within the Group, 23.7% of the workforce received a bonus.		

Proportion of males and females by pay quartile

This is the percentage of male and female employees in four quartile pay bands (dividing our workforce into four equal parts).



Our approach to closing the gap

In summary, we have a gap because we employ fewer women than men, and we currently have fewer women than men in senior roles. Accordingly we have a three pronged approach, outlined in last year's report, which focuses on 1) creating supply, 2) attracting talent and 3) enabling women to fulfil their potential. We are making steady progress on a number of fronts, including using this data to create targeted plans for individual areas within the Group, but there is still a long way to go. Below you can see some of the things we have done or are doing.

1) Creating Supply: Growing our talent pipeline for the long term

We, along with others in our sector, need to do what we can to increase the supply of available STEM female talent in the market.

- We continue to focus on STEM activities with teams of employee ambassadors working with schools, universities and youth organisations to encourage young women to see STEM as a future career.
- We are aiming to increase (subject to availability) the number of female entrants into our early career programmes. In 2018 the proportion of women who entered our graduate programme increased to 27% from 16% the year before.

2) Attracting Talent: Attracting the best female talent from the current available talent pool

Across the Group we reviewed our recruitment processes and with effect from 1st January 2019 have partnered with a recruitment outsourcing provider to run all our recruitment activities. There are several key aspects which we are hopeful will have an increasingly positive effect to attract more females into our company. These include:

- Use of gender de-coding software to ensure that advert wording is not unintentionally gender biased;
- Better use of diverse (gender) imagery in all advertising and promotional collateral;
- Adverts for non-industrial roles will now be advertised as flexible as a default;
- Enhanced reporting and metrics on gender ratios for CVs received, interviews arranged, offers made and offers accepted, so the performance of our process can be monitored and improved on an ongoing basis.

Between 2017 and 2018 we recruited more women proportionally (25%) than the proportion of women in the company (18.6%), which is a step in the right direction.

We are also piloting STEM returner programmes across parts of the Group, which aim to encourage both men and women back into STEM work.

3) Enabling employees to fulfil their potential within Babcock

Creating an ever larger supply of women with STEM qualifications (see 1 above) and being able to recruit increasingly more women (see 2 above) into our organisation is critical, however we then need to ensure we retain and progress this talent. In support of this we need to do what's required to remove unnecessary barriers to this talent staying and progressing to fulfil their potential with the company. Some of the work we are doing in this area is outlined below:

- A continued focus on a range of leadership and management development programmes, which include inclusive leadership and unconscious bias;
- Continued promotion and support of a range of networks, activities and initiatives as part of our Diversity and Inclusion strategy, including a Group wide D&I committee, annual dialogue week and Babcock Women's Network;
- We are reviewing our work life integration policies and practices and have made enhancements in several areas. We will continue to seek opportunities to improve this suite of policies further. As part of this flexible working policies are being reviewed;
- In some areas of the business we are piloting a coaching scheme which aims to support and equip women on maternity leave to return to work when they are ready to do so.

We believe that a continued focus on these three areas (supply, attracting talent and enabling women to fulfil their potential) will help us to close our gender pay gap over time. We will continue to review and evolve our actions in these areas to ensure our interventions are effective.

Archie Bethel
 Group Chief Executive

Kevin Goodman
 Group Director of Organisation and Development

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Gender Pay Gap data for legal entities with 250 or more employees

Legal Entity	Gender Pay Gap		Bonus Pay Gap				Lower quartile		Lower middle quartile		Upper middle quartile		Upper quartile	
	Mean	Median	Mean	Median	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Babcock Aerospace Limited	8.9%	15.9%	-94.2%	-61.5%	10.1%	5.1%	73.7%	26.3%	84.8%	15.2%	92.7%	7.3%	89.1%	10.9%
Babcock Airports Limited	7.4%	0.6%	35.1%	-17.6%	7.8%	5.6%	89.9%	10.1%	92.7%	7.3%	89.9%	10.1%	94.5%	5.5%
Babcock Corporate Services Limited	22.4%	28.3%	55.0%	33.3%	21.4%	33.3%	50.5%	49.5%	67.7%	32.3%	74.2%	25.8%	84.8%	15.2%
Babcock Critical Services Limited	16.8%	26.6%	48.0%	21.9%	36.7%	18.5%	70.1%	29.9%	92.8%	7.2%	95.4%	4.6%	88.9%	11.1%
Babcock Design & Technology Limited	19.0%	17.4%	35.6%	61.0%	16.4%	17.8%	69.5%	30.5%	87.7%	12.3%	91.5%	8.5%	96.3%	3.7%
Babcock DSG Limited	-1.6%	0.8%	-99.7%	-427.5%	8.0%	3.6%	71.9%	28.1%	93.6%	6.4%	84.9%	15.1%	83.2%	16.8%
Babcock Marine Training Ltd	17.0%	14.4%	62.0%	3.5%	10.8%	8.3%	54.6%	45.4%	73.0%	27.0%	79.9%	20.1%	86.8%	13.2%
Babcock Integrated Technology Limited	17.4%	12.7%	39.0%	0.0%	78.6%	68.6%	68.4%	31.6%	81.6%	18.4%	85.4%	14.6%	87.3%	12.7%
Babcock Land Limited	14.2%	25.5%	28.8%	29.1%	8.1%	6.7%	64.1%	35.9%	81.3%	18.7%	91.1%	8.9%	85.3%	14.7%
Babcock Marine (Clyde) Limited	19.5%	19.5%	16.2%	-18.2%	7.2%	4.7%	65.2%	34.8%	89.4%	10.6%	89.4%	10.6%	91.9%	8.1%
Babcock Networks Limited	-5.2%	-28.5%	42.6%	-50.0%	7.0%	16.7%	99.3%	0.7%	93.3%	6.7%	76.3%	23.7%	91.1%	8.9%
Babcock Rail Limited	13.7%	17.4%	16.5%	0.0%	41.4%	13.0%	76.9%	23.1%	91.7%	8.3%	87.1%	12.9%	90.0%	10.0%
Babcock Training Limited	14.2%	22.4%	-20.1%	-94.8%	26.5%	42.3%	73.6%	26.4%	58.1%	41.9%	40.6%	59.4%	52.2%	47.8%
Babcock Vehicle Engineering Limited	4.7%	18.4%	-32.9%	-873.6%	26.1%	11.1%	89.6%	10.4%	92.7%	7.3%	94.8%	5.2%	94.8%	5.2%
BMCS Offshore Limited	44.8%	56.6%	36.7%	62.3%	103.2%	98.4%	67.6%	32.4%	80.0%	20.0%	96.4%	3.6%	98.2%	1.8%
Cavendish Nuclear Limited	15.7%	21.3%	1.6%	22.6%	65.5%	86.3%	64.5%	35.5%	82.6%	17.4%	85.3%	14.7%	90.1%	9.9%
Devonport Royal Dockyard Limited	9.8%	8.1%	26.6%	17.1%	7.5%	9.8%	83.0%	17.0%	86.6%	13.4%	88.7%	11.3%	90.2%	9.8%
Frazer-Nash Consultancy Limited	29.4%	30.4%	43.3%	41.2%	93.9%	98.4%	67.4%	32.6%	80.7%	19.3%	91.4%	8.6%	94.1%	5.9%
Rosyth Royal Dockyard Limited	16.1%	18.7%	42.4%	52.3%	7.9%	8.1%	69.7%	30.3%	90.8%	9.2%	93.7%	6.3%	92.8%	7.2%