

People and potential

To underpin and sustain long-term strategic growth, Babcock must ensure that it has the right people to be able and trusted to deliver to customers on technically complex, long-term contracts, both today and in the future. This means that the development of our people is a critical part of our business strategy. Our Group Director of Organisation and Development coordinates this activity across the Group, ensuring that each of our sectors has appropriate strategies in place to resource and develop the skills required. Our business arrangements require us to deliver services across an array of projects and assets. Our people need to have a range of experience, skills and competencies: engineering, management, technical, commercial, administrative and developmental, to name but a few. We recognise that it is the skills and commitment of our employees that characterise our uniqueness and our ability to deliver services to our customers.

Planning for growth and succession

Succession planning is a key focus throughout the businesses, from apprentices to Board level. We have plans in place that identify immediate and/or future potential successors to key senior management posts, with personal training and development plans for those identified. Through our annually refreshed resource planning process, we assess whether we have the right number of staff with the necessary skills and capabilities, both now and for the future. This process is based on data and assumptions such as workforce demographics, attrition and business growth and feeds into our resourcing strategies.

We continue to invest in our people through initiatives to develop talent, recognise achievements and increase diversity, for example through our Talent Management Framework programme in Land and the provision of senior leader mentoring support. In Aviation our talent and capability management programme has embedded internationally with an

increasing number of international placement opportunities available. Our Leadership programme has been extended internationally to further support and equip leaders working in fast paced, cross-cultural and complex environments.

Engagement

It's our people that make us great and employee engagement remains vital to building a sustainable business. Accordingly we maintain regular engagement with our people through the Babcock International Group Employee Forum and Trade Unions across the business. We also run a series of sector surveys and CEO listening forums to maintain an open dialogue with our workforce. Additionally, to further develop our employee engagement we are setting up a series of Employee Focus Groups.

Our business is diverse, so it's important that our workforce remain informed of key news, project status, achievements and initiatives. We have a number of channels to communicate with our workforce including quarterly sector magazines.

This year we launched a series of 'We are Babcock' programmes across the business which feature the range of skills within our business with real-life examples illustrating what our people do and the breadth of the Group's capabilities, promoting an understanding of what makes Babcock unique and different to our competitors.

We continue to invite our employees to connect with our business strategy and share in our success by joining our Employee Share Plan.

Focus on recruitment, retention and development of talent

We have found our existing employees to be great advocates for our organisation and we have used their experiences to underpin some of our recruitment campaigns, particularly for graduates. Working with our recruitment partners, a variety of routes are used to ensure

vacancies are marketed to the widest possible audience. Our aim is that candidates experience a professional, efficient and friendly recruitment and 'on-boarding' procedure.

Sectors and business units place significant emphasis on the retention and development of talent, with processes in place to identify potential for the future. In addition to local development programmes, we have a number of Group-wide management development resources:

Babcock offers executive development opportunities to our high potential employees. To date, 50 employees have completed our accredited MBA programme with Strathclyde University and a further 18 have been nominated for development programmes with Harvard. We continue to invest in the capability of our leaders and managers through a variety of programmes such as our First Line Leader Development Programme, which is designed to develop our leadership capability and maximise the potential in our teams.

Babcock has always been a strong supporter of apprenticeships and will make increasing use of higher apprenticeships to both retain existing employees and invest in future talent.

We have further developed our degree apprenticeship programmes with a framework of university partners. During the year we saw our first degree apprentices commence their studies and we began work on a broader range of programmes at degree level to be launched in 2019/20.

The success of our graduate campaign was recognised this year with national awards, including winning Best Graduate Recruitment Strategy at the Recruiter Awards.

Diversity

At Babcock, we believe diversity is about embracing the advantages different experiences, skills and outlooks can bring. Our diversity initiative, 'All together different', is championed by a Diversity Steering Group, which drives our diversity agenda and coordinates our diversity conference, 'Dialogue'. Dialogue Week focused on improving diversity across the business with events held in all sectors. Diversity is driven by a nominated director who regularly reports to the Executive Committee. Across the organisation a number of employee networks are supported such as the Babcock Women's Network and Pride in Babcock and we will continue to use these and other groups to motivate and sustain energy around the topic of diversity. As a business, it is imperative that we ensure access to the widest pool of talent available, selecting the best candidates based on their ability to do the job. Working with these expectations for diversity enables us to deliver our best for our customers and to safeguard the future of Babcock. Babcock operates principally in sectors that have until recently traditionally been regarded as 'male' such as engineering, aviation and the Armed Forces. Inevitably, companies with this background will tend to be starting from a level of relatively low female participation, especially in management positions. However, we are working hard to change this: 18.2% (6,287) of our total workforce is female, (male: 28,291) with 21.4% (104) female



Green energy engineering

Graduate trainee engineer Chantel Maynard believes nuclear energy is vital for our future.

"I developed an interest in green energy, which expanded my horizons and made it clear how much I could help people and society with my skills,

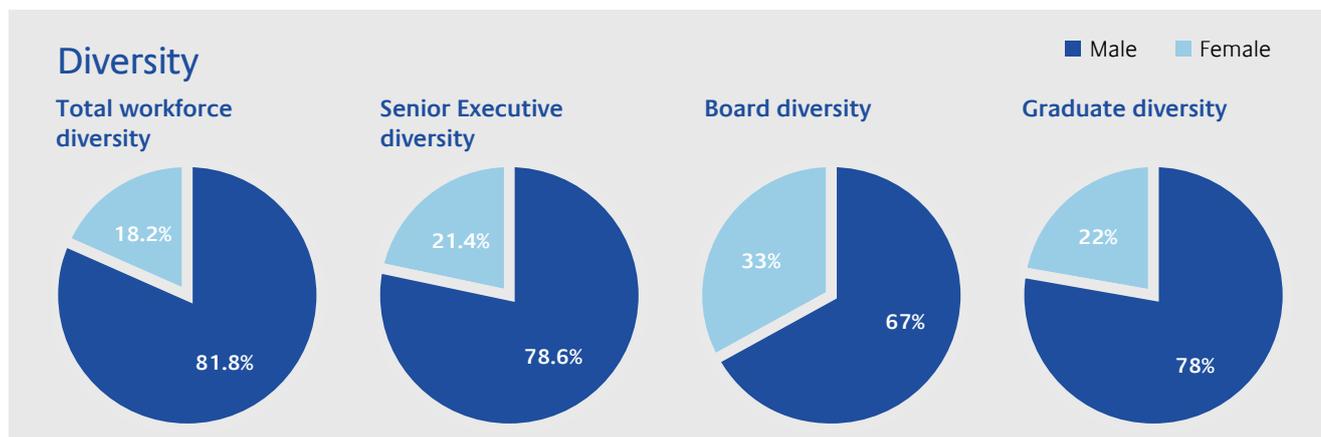
"Nuclear fascinated me because the way it operates and the concerns it generates are so different from the way other sectors work."

Chantel had the opportunity to work alongside our UK-based team supporting the Fukushima clean-up operation. "That work provides vital experience but it also has a moral purpose. The fact is, we're going to

need nuclear energy if we want to carry on living life as we currently do. Fukushima reminded us why safety and security are the most critical considerations in everything we do."

She helped to plan Cavendish Nuclear's participation at the Big Bang Fair 2019, which took place in March.

"There's still a lot of misunderstanding in schools about what engineering is," says Chantel. "It's important to reach out to students and also to teachers and parents, so they see how what is learned at school and university can be applied in the real world."



senior executives (male: 381), and, since April 2019, four (33%) female Directors on our Board (male: eight). We have continued to work on the challenges of being a woman within our organisation. A series of actions and development programmes are being implemented across the organisation to address this. We focus our graduate recruitment programme, particularly for engineering graduates, on those universities that have a richer gender mix. In 2019, 22% (2018: 21%) of those employed on our graduate scheme were female.

We are encouraged that we have managed to reduce the gender pay gap compared to last year, with a mean pay gap of 14.1% (2018: 16.2%) and a median pay gap of 16.0% (2018: 16.5%). This compares to a UK average of 17.9%. Whilst this is a step in the right direction, we are committed to continuing our efforts to further reduce the gap by growing our talent pipeline, attracting the best female talent available and enabling our female employees to fulfil their potential. More information can be found in our 2018 Gender Pay Gap report, available on our website www.babcockinternational.com.

In Marine, HMS Bulwark provided the backdrop for a 'Women in Engineering' event with the Royal Navy, and Devonport Safety Engineer Dr Lorna Dallas was voted one of the UK's top 50 Women Engineers. In Aviation, driving gender equity has retained strong focus through our 'Fly High' initiative and all countries are now represented by Change Agents who support and lead local events and initiatives. Two of our engineers won prestigious awards at the Women in Nuclear UK Conference, for their achievements in promoting gender balance and diversity in the industry.

Our commitment to the Armed Forces

As a holder of the Gold Award from the Armed Forces Covenant Employer Recognition Scheme (ERS), we are committed to the Total Support Force and actively recruit service leavers and reservists. See more information on page 66.



Maintaining London's fire engines

Babcock technician Luke Sims, 19, was able to put his love for mechanics into practice working with London Fire Brigade vehicles on a Babcock apprenticeship.

With his three-year apprenticeship working on the London Fire Brigade (LFB) fleet contract now behind him, Luke has honed a keen and professional interest in the inner workings of the emergency and back-up vehicles operated by LFB.

Today, Luke continues to work on fire engines while developing his technical skills.

His workshop manager Alan Chivers says he is "both technically able and very committed; a real asset to the business".

Luke describes his first rebuild of an all-important pump on a LFB fire appliance as one of the highlights of his time working on the fleet.

"Working with a skilled technician on something as technically complex as a fire engine pump takes some getting used to," he says. "Helping to fix something that was totally seized up and seeing it back in action and working properly was a great source of pride to me and something I won't forget."