

Social

People and potential

We recognise that our people are critical to our ability to deliver our strategic goals. We need to ensure that their workplace is safe, is inclusive, welcomes diversity and offers everyone the chance to develop to their full potential.

In order to serve our customers effectively, we need to have the right people, with the right skills, and the right behaviours, in the right place.

Safety at Babcock

Home safe every day

Safety is, without question, our number one priority. We are committed to continuing our efforts to make sure that every one of our people, and the people whom we work alongside, goes **Home safe every day**. Safety is at the heart of our drive to deliver operational excellence for our customers. We believe that focusing on safety is essential to having a high-performing, open and constructive safety culture, where our people can speak up, be heard, invested in and trusted.

Governance

The Group's Board and Executive Committee review safety commentary and performance reports on a monthly basis. The Board additionally receives half-yearly reports on our safety performance and initiatives.

Our Corporate Safety Steering Group (CSSG) is the highest level of professional, collective management of health and safety issues within the Group. Its role is to:

- Recommend and set Group safety strategy, policy and standards for all matters relevant to the protection of the environment and the health and safety of the Group's employees and any other persons affected by our undertakings
- Assure the Group Executive Committee and the Board of Directors of the delivery of these policies and standards

Safety review

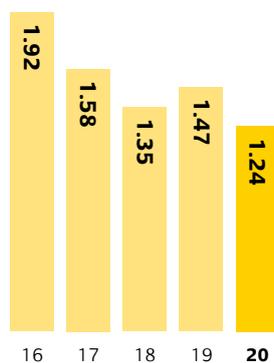
In January, an incident involving inspections on an armoured vehicle resulted in the tragic death of one of our long-serving colleagues. This is currently under investigation by the appropriate authorities. In Spain, whilst we have recorded zero work-related fatalities an EMS captain from our Ciudad Real base died after contracting the COVID-19 virus. He had been working with us for over 12 years, carrying out numerous flights with the utmost professionalism and commitment to the service.

Our incident reductions this year demonstrate Babcock's refocused safety culture and the continual improvement from our people. The number of Injuries In the period has reduced by 21%, and the more serious 'Babcock riddor' injuries have reduced by 24% compared to the previous year. Similarly, our total injury rate (injuries per 100,000 hours worked) has reduced by 16% and the Babcock riddor injury rate by 22%.

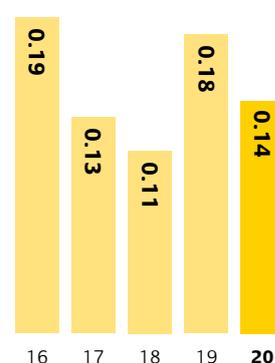
While we continue to strive for further improvements, the Group's performance continues to be better than industry norms, with an injury rate of 1.24 per 100,000 hours compared to 2.44 for the manufacturing sector, including shipbuilding and repairs, as reported in the 2019 Health and Safety Executive statistics.

	2015/16	2016/17	2017/18	2018/19	2019/20
Total number of injuries	2,084	1,720	1,389	1,452	1,141
Fatalities	1	7	2	4	1
Major injuries	38	27	12	24	20
Over-three-day injuries	164	107	101	145	111
Babcock riddor ¹ totals	202	141	115	173	132

Total injury rates per 100,000 hours worked



Babcock riddor¹ rate per 100,000 hours worked



1. In 2012, the UK Health and Safety Executive changed RIDDOR reporting from time lost through injury from three days to seven days. We have, however, continued to monitor and report on the lower three-day threshold and record this as 'Babcock riddor'.

- Facilitate and enable corporate learning around the Group, raising awareness of appropriate topics throughout the business
- Own and deliver Group-wide health, safety and environmental initiatives and projects.

Sector safety leadership teams implement these Group policies and standards, as well as their own more detailed plans specific to their individual activities and territories.

There are also sector specific industry standards and regulations that must be adhered to, for example, Nuclear, Aviation and Product safety, and the sectors have subject matter experts to address this.

Our internal safety audit programme aims to ensure:

- Alignment of business safety policy with the Group safety policy and capability to discharge duties therein
- Compliance with Babcock's Safety Behaviours and Expectations
- Safety improvement plans are implemented, based on a balanced assessment of safety performance that delivers the commitment to continuous improvement
- Business unit learning across the Group, supporting continual improvement
- A consistent Babcock approach to safety and a sharing best practice.



Babcock apprentice Luke Day

Apprentices at Rosyth

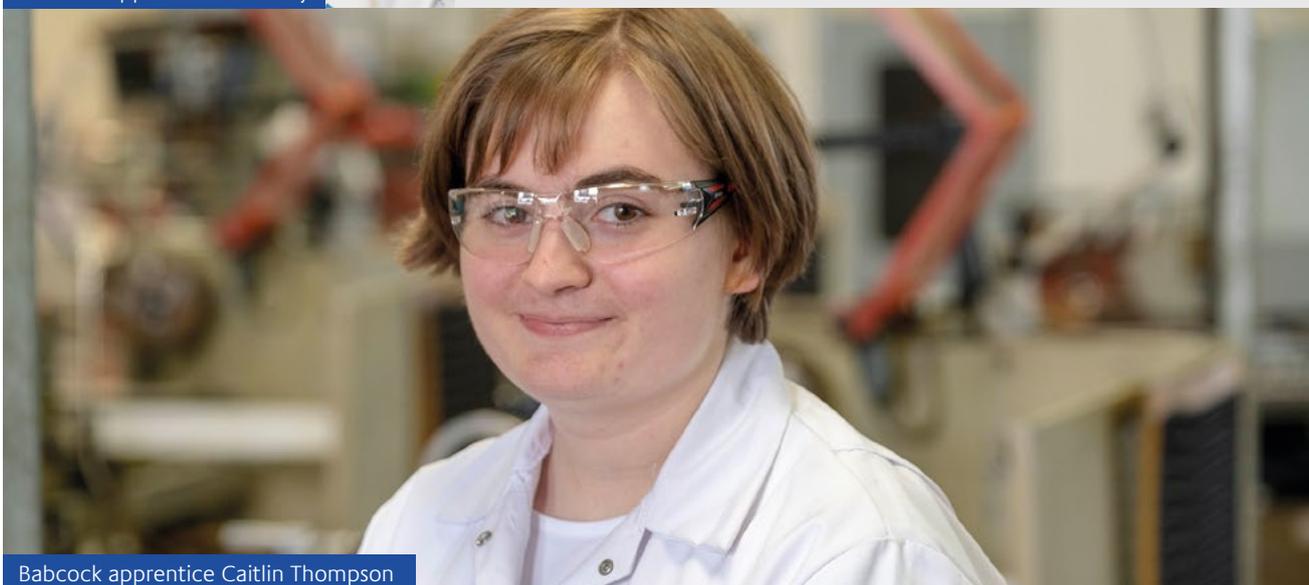
This year saw Modern Apprentices Luke Day and Caitlin Thompson join us at Rosyth.

Electrical apprentice Luke has been fascinated by all things electrical since he was a young boy.

“Working on-site has definitely been the highlight of my time here to date. The skills that people have at Rosyth are unbelievable, and the level of engineering which went into building the site itself is phenomenal.”

Electrical Technical Design apprentice Caitlin is following in her family's footsteps, joining both her father and uncle at the site. Caitlin has known she wanted to be an engineer since primary school.

“I did a Foundation Apprenticeship in Manufacturing Engineering when I was at school. It has really helped with my current Modern Apprenticeship, as it gave me a much better idea of what engineering entailed.”



Babcock apprentice Caitlin Thompson

Formal audit reports are issued to the business units, with feedback provided to the Group Executive Committee.

The annual Group Safety Conference promotes the Group safety vision, the sharing of health and safety initiatives and activities. It also recognises the efforts made every day by Babcock personnel, customers and suppliers. Last year's event (our thirteenth) had the theme of 'Empower, Lead, Succeed'.

Safety leadership is the primary driver for a positive safety culture. When we have a positive safety culture, we create an environment where we listen and take notice, we don't walk by and we take time to stop and think. We collectively learn from our mistakes and successes to achieve our goals safely.

Diversity & Inclusion

At Babcock we believe diversity is about embracing the advantages people with different experiences, skills and outlooks can bring to our teams.

Respect, Women in Babcock and Family Friendly Working

Our initiative, 'All together different', continues to drive our diversity agenda, led by our cross-business Diversity Steering Group, chaired by senior executives. This year we focused on three diversity initiatives: Respect, Women in Babcock and Family Friendly Working.

The Respect initiative sets to drive cultural change to deliver the respect element of [being babcock](#).

Women in Babcock focuses on reducing the gender balance disparity in the workplace by improving gender equity.

The global Family Friendly Working initiative aims to recognise the evolution of the working day and family life and explore how technology can be utilised to adapt our way of working.

In Nuclear, the Cavendish Gateway Scheme, a work experience programme, delivered over 150 work placements, including placements for young women from disadvantaged areas. In Aviation, a sector-wide Respect survey was undertaken to assess employee views. The results from the survey will be used to inform future policy. Our Marine and Land sectors conducted reviews of their family friendly policies.

Social

People and potential continued

Employee networks

Babcock has a range of employee networks in place across the business. This year saw the development of the Neuro-diversity and Young Professionals Network. The Company is affiliated with Stonewall and our Pride in Babcock network continues to be very active, undertaking awareness-raising activities, as well as celebrating Pride month. During our Dialogue Week, we hold events across the Group, which this year included a presentation to our Devonport workforce on unconscious bias from retired footballer John Barnes.

We encourage our employees to engage with these networks as a way of promoting momentum around diversity and inclusion. For the organisation, it is not only crucial that we are able to recruit from the widest pool of talent but also to ensure that we can retain and reward those most suitable for the job. This will allow us to deliver our best for our customers and to safeguard the future of Babcock.

Gender diversity and pay gap

Like others in the defence, engineering and aviation industry, recruiting female employees with Science, Technology, Engineering and Maths (STEM) qualifications and experience can be a challenge, because of the relatively low numbers of women who choose careers in STEM. This, coupled with a low staff turnover, affects our ability to improve our gender mix. We are working hard to change this: 18.8% (6,155) of our total workforce is female, (male: 26,664) with 26% (23) female senior managers (male: 64), and, we have 4 (33.3%) female Board Directors (male: 8).

We have continued to work to improve the environment for women within our organisation, and are implementing a series of actions and development programmes 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 2020, 22% 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 13.4% (2018: 14.1%) and a median pay gap of 15.8% (2018: 16.0%). This compares to a UK average of 17.3%.

Whilst this is a step in the right direction, we are committed to grow our talent pipeline in the longer term through our STEM engagement programme and to attract the best diverse talent available. We will also focus on helping all our employees to fulfil their potential. More details can be found in our 2019 Gender Pay Gap report, available on our website.

Training and education

We have found our existing employees to be great advocates for our organisation, and so we have used their experiences to give colour to 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.

We offer 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. A further cohort started studying for the Babcock MBA this year.

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 is making increasing use of higher and degree apprenticeships, both to retain existing employees and to invest in future talent. We currently offer around 50 apprenticeship routes across all levels, from two to seven, although our focus remains on creating opportunities for those seeking to join the workforce and, as such, 80% of our apprentices study at levels two and three.

We have further developed our degree apprenticeship programmes with our framework of university partners. Last year we launched degree-level programmes in digital, engineering, business and commercial disciplines.

561

Graduates on programme

Graduates recruited in 2019/20: 202

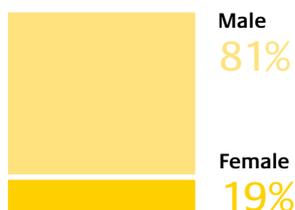
1,175

Apprentices on programme

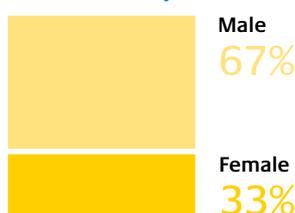
Apprentices recruited in 2019/20: 445

Diversity

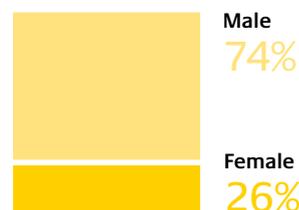
Total workforce diversity



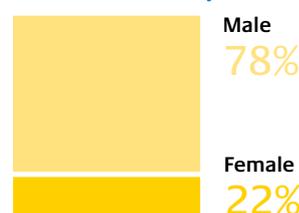
Board diversity



Senior manager diversity*



Graduate diversity



* Executive Committee and direct reports.

Community engagement

Our partnership with the communities in which we operate is at the core of Babcock's business. It's truly a partnership – we need each other's support to thrive and grow.

University engagement

We partner with a broad range of academic establishments to support funded research, PhDs or their advisory boards. Examples of current partnerships include Strathclyde University Advanced Nuclear Research Centre, Cranfield University Through-life Engineering Services Centre, Bristol University South West Nuclear Hub, University of Exeter, University of Valencia and Centum Research and Technology. Key areas that we are working on include digitally enabled asset management; advanced manufacturing and maintenance techniques; digital twins and analytics; and artificial intelligence.

STEM

Babcock supports its employees to become trained STEM Ambassadors so they can support our extensive schools engagement programme. Over the past 12 months, we have conducted over 500 employee days of STEM activity, with 270 events engaging nearly 30,000 students. We have delivered activities in schools such as 'guess my job', hosted work experience weeks, attended careers fairs, judged awards such as the F1 in Schools National Finals, and supported cross-school programmes such as the Tomorrow's Engineers EEP Robotics Challenge, and the Big Brick Build.



Playing noughts and crosses with the Devonport divers on annual Bring Your Child to Work Day

We also support STEM-focused educational initiatives and charities through the year. We supported the UK's Year of Engineering and participated in larger events like the Plymouth Armed Forces day and the Big Bang UK Young Scientists and Engineers Fair, showcasing technology and engineering activities from across the Group. Our exhibits included demonstration of nuclear safety, a miniature wind tunnel showing how air forces act on aircraft and a LEGO submarine.

We also supported National Storytelling Week, attended various local events such as the Devon County show and participated in the STEM event hosted on board the new Prince of Wales aircraft carrier.

Our Marine sector has successfully worked with the Royal Navy to deliver joint STEM events to around 600 pupils, and 3,220 students have attended activities hosted by our Plymouth-based STEM Ambassadors.

Indigenous activities

We have specific policies and approaches designed to meet local community needs, especially in Canada, South Africa and Australasia.

Babcock is committed to strengthening the relationship with indigenous peoples, building partnerships with them through a framework which focuses on skills development, workforce inclusion and procurement.

We consult with indigenous peoples when we undertake activities, to ensure that our projects are carried out in a way that respects their rights and traditions.

In Canada, Babcock works with the Canadian Council for Aboriginal Business (CCAB) to further strengthen its involvement with Indigenous communities. We donated to the First Nations Technical Institute (FNTI), which is an Indigenous-owned and governed post-secondary institute located on the Tyendinaga Mohawk Territory.

Collaboration in the Caithness Community

The Cavendish Dounreay Partnership is responsible for delivering the safe and secure clean-up of the Dounreay nuclear site on behalf of the Nuclear Decommissioning Authority. As part of the parent body team (PBO), Cavendish Nuclear is actively engaged in supporting key initiatives in the local area, working as part of the Caithness and North Sunderland Regeneration Programme, established to combat the job losses that will result from the Dounreay's decommissioning.

Since 2015, through its socio-economic programme, Cavendish Nuclear has been actively involved in the Wick Harbour project, one of the key enabling projects on the CNSRP programme. Wick Harbour Authority (WHA) identified the potential to secure the Operations and Maintenance base for the Beatrice Offshore Windfarm (BOWL). As the Board of WHA is voluntary, they recognised that to turn this into a reality they would require a project manager and so Cavendish Nuclear funded the secondment of a project manager. In 2017, WHA & BOWL signed an initial 25-year contract which has seen the creation of around 150 jobs. Our project manager continues to support WHA on future opportunities.

Social

Community engagement continued

FNTI started the Aviation programme for indigenous people in 1990 in response to an absence of indigenous pilots in northern communities. Today they have over 150 graduates in various positions in the aviation industry and a current enrolment of 40% indigenous women.

UK Whole Force by Design

Babcock is committed to supporting the MOD and our Armed Forces in the implementation of Whole Force By Design.

We hold the Gold award from Defence Relationship Management in recognition of our support to Reserves, Service Leavers and Veterans. With over 150 Volunteer Reserves, we employ one of the largest bodies of reserves of any commercial organisation.

We have active Sponsored Reserve forces supporting the Army (REME) and, through our Joint Venture AirTanker, the RAF.

We have provided Contractors on Deployment and have contracted to support future requirements.



Porty's Whizzing Recovery

Senior Support Engineer, Katherine Terris, who works on HMS Bulwark in Plymouth, has written a children's picture book about Devonport Royal Dockyard. Entitled 'Porty's Whizzing Recovery', it is illustrated by local student April Howard. The story focuses on marine-themed characters, from young ship Porty, to Simon the seagull and Trevor the submarine. It aims to take young readers on a journey of discovery about some of the work that takes place on the Devonport site.

Katherine, who is also a STEM ambassador and advocate for encouraging women into STEM-

based careers, felt inspired to share her experience of working at Devonport. "The idea of writing a children's book to raise awareness about what we do in an age-appropriate way really appealed to me. It is important that more young people learn about STEM-based careers, and that is what I've tried to introduce, recognising that readers are of primary school age.

"There are also a large number of children around the Plymouth area whose parents work for Babcock, and the book helps them to learn more about what happens when they head off to work."



Running Clyde

Our team at HMNB Clyde is now in its fourth year of association with the Babcock 10K race series. The race series provides an ideal platform to build a variety of activities, from walking challenges to blood pressure checks and dietary advice.

It's across the local community where our support is most welcome. The three events that make up the series on the west coast of Scotland give local athletics a welcome boost and encourage people in the community to give running a try.

Support for the Armed Forces community

We are proud to be a major employer of service leavers, veterans and reserves.

As part of our commitment to the Armed Forces Covenant, all service leavers, veterans and members of a volunteer reserve are guaranteed a job interview if they meet the minimum requirement for an advertised role at Babcock.

Members of the Armed Forces community and their families can rely on our support and understanding. We offer a degree of flexibility in granting leave for service spouses and partners before, during and after a partner's deployment, and will consider special paid leave for employees who have been bereaved or whose spouse or partner has been injured. We work closely with the Career Transition Partnership, to ensure our employment opportunities are made

available to service leavers and veterans. We also participate in careers fairs for those leaving the Armed Forces.

We understand that Armed Forces spouses need flexibility when their service partner is posted to a new location, and we do our best to find alternative employment within the business if our employees need to move to accompany their partner to a new posting.

Support for the Reserve Forces

We actively support our reservist employees, providing a minimum of ten days special paid leave per year for reserves or uniformed cadet instructors with a full training commitment.

We promote reserve service to all those in the Group, including all our new graduates and apprentices.