



**Gender Pay Gap Report 2020**  
Creating a more inclusive business

# Foreword

At Babcock, we are determined to provide a fair, equal and inclusive environment for all of our people, where differences are valued and everyone can thrive, give their best and fulfil their potential.

This is our fourth annual gender pay gap report focusing on pay inequalities between male and female employees and despite a challenging year, the majority of our employees remained unaffected by furlough during this financial period. Therefore we are able to compare our results to previous years.

We are pleased to see progress on narrowing our gender pay gap.

We believe that our long term strategy is continuing to have a positive effect and our new targets will help us to continue to reduce our gender pay gap.

Our Diversity & Inclusion focus areas for the year ahead are: harnessing our data to drive insight and measure results; strengthening and broadening our employee networks; transforming our key people processes; creating a culture of wellbeing; and celebrating inclusion and diversity as our key differentiating strength.



### New targets

To monitor progress in these areas we will focus on enhanced data collection and measure ourselves against three targets:

1. 80% disclosure of diversity data within 18 months
2. 30% women within senior leadership teams by 2025
3. 30% gender representation at all levels by 2030

We are pleased to see our gender pay gap has reduced year on year since first reporting in 2017. We know that closing the gap will take time, but are collectively committed to our long term strategy, which we believe is fundamental in continuing to reduce it.

### Our Data for 2020

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 <b>mean</b> gender pay gap is the difference in average hourly rates of pay that male and female employees receive, expressed as a percentage of male employees' earnings. | <b>2020: 12.3%</b><br>2019: 13.5%<br>2018: 14.1% | <b>2020: 12.5%</b><br>2019: 15.9%<br>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.

**The UK gender pay gap for all employees is 17.3% (ONS)**

| Mean and median gender bonus gap   | Mean  | Median  |
|--|---|---|
| The <b>mean</b> gender bonus gap is the difference in average bonus pay that male and female employees receive, expressed as a percentage of male employees' earnings. | <b>2020: (7.8)%</b><br>2019: 28.7%<br>2018: 27.1% | <b>2020: 13%</b><br>2019: 21.1%<br>2018: 3.0% |

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.

| 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 5th April 2020. | <b>15.7%</b><br>of men<br>receive<br>bonus pay | <b>14.4%</b><br>of women<br>receive<br>bonus pay |

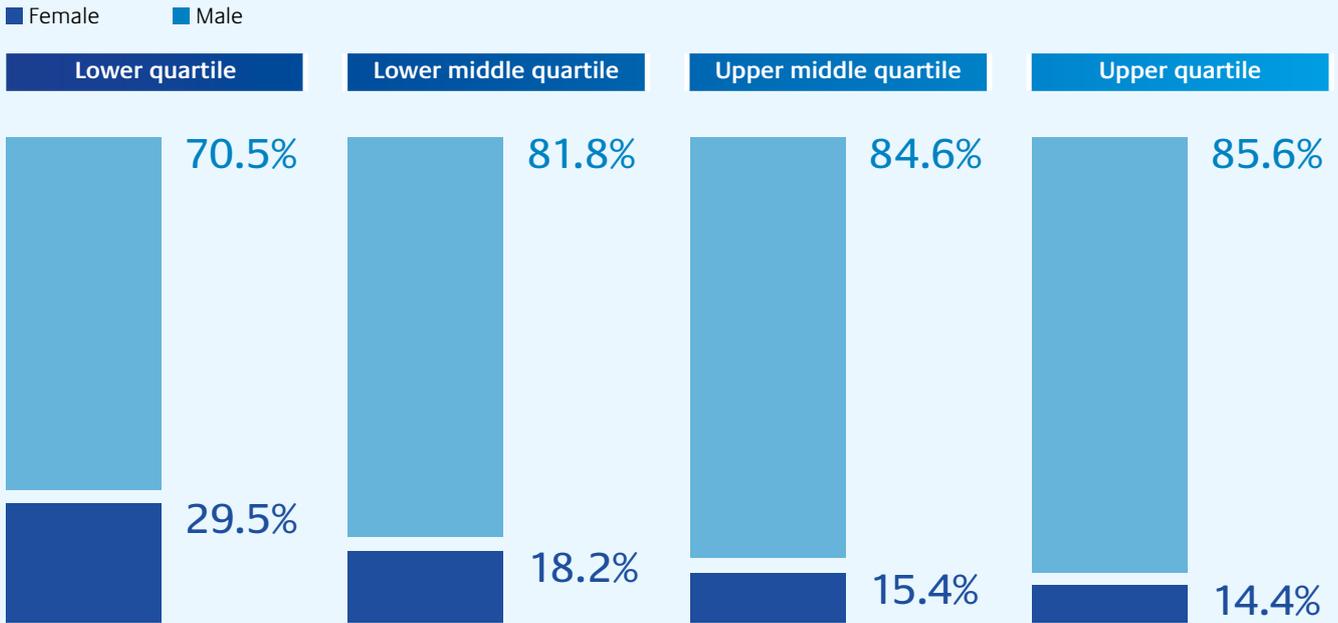
### Definition

Senior managers are defined as employees (excluding Executive Directors) who have responsibility for planning, directing or controlling the activities of the Group (Exco) or a strategically significant part of the Group (Sector/Functional leadership teams) and/ or who are directors of subsidiary business units (Business Unit leadership).

“Across Babcock, we are passionate about creating an inclusive company. A Babcock where everyone feels they belong: a place where everyone feels respected included and supported.”

**David Lockwood**  
Chief Executive Officer

### Proportion of males and females in each pay quartile



We have 30 legal entities employing staff in the UK. The data above is for all UK Babcock employees. The data for each Babcock entity with 250 or more UK employees is set out in the table on the last page.

### Reminder of legislative requirements

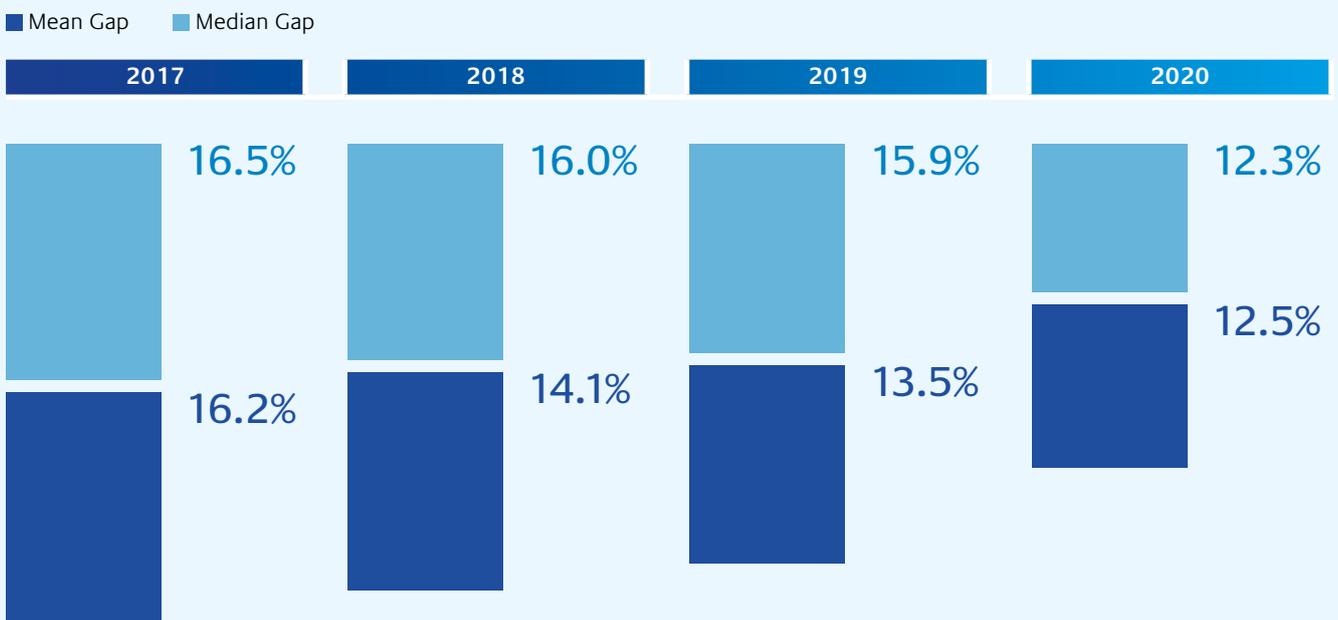
Every year employers with more than 250 staff are required to report the following data:

- Mean and median gender pay gap (the difference between men and women's average hourly pay on 5th April 2020)
- Mean and median bonus gender pay gap (the difference between the average bonus received by men and women in the 12 months leading up to 5th April 2020)
- Proportion of men and women in each pay quartile
- Proportion of men and women receiving a bonus payment

### Gender Pay Gap and Equal Pay

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 work or equivalent work. Having a gender pay gap does not mean that men and women at Babcock are not receiving equal pay.

We are pleased to see our gender pay gap has reduced from over 16% in 2017, to less than 13% in 2020, and are committed to continue to close the gap.



# Our Long Term Strategy

Our gender pay gap is not a pay issue, but is an issue of representation. The engineering and defence sectors in which we operate in continue to be male dominated.

At Babcock, females make up only 19% of the workforce but are even more under-represented in senior roles, with only 15% of employees paid in the upper quartile being female.

Under the leadership of a new CEO, Babcock is embarking on a period of transformation, and we have increased our focus on inclusivity and diversity through a number of changes:

- We appointed our first Chief Human Resources Officer who is leading a refresh of our people strategy, which will strengthen our continued focus on inclusivity and diversity
- We are reinforcing our emphasis on zero tolerance to any form of discrimination or bad behaviour
- We are increasing innovation and collaboration across the Group to allow best practice to be shared

The ongoing global pandemic has presented many challenges and has caused significant changes to the ways in which we are working. We have embraced the rapid transition to remote working,

using it as an opportunity to embed flexible working practices, promoting work-life balance and ensuring employees are able to support family commitments. We believe this will have a significant positive effect on our gender pay gap in the long term.

Through our work with numerous women's organisations including Women in Defence UK, Women in Science and Engineering and Women in Nuclear, we have a deeper understanding of the broader environment in which we operate, and have been able to set informed and ambitious targets which will lead us to being a more inclusive and diverse organisation.

Our **long term strategy** to enable equal representation is based on three key themes.

Against each of these themes, a number of actions are being taken at a Group level, with specific local actions also being taken across each of our businesses.

## 1. Growing our talent pipeline for the long term

- **STEM support:** more than 4,000 STEM ambassadors within the organisation have engaged over 30,000 students in STEM activities
- **Early careers:** more than 1,000 apprentices (14% female) and nearly 500 graduates (28% female) are employed on our early careers schemes

## 2. Attracting the best female talent from the current talent pool

- **Recruitment analytics:** we have increased the amount of data collected and reviewed to highlight any bias in our recruitment process
- **Charters:** we are key stakeholders in Women in Defence Charter, Women in Aviation Charter and Women in Nuclear UK

## 3. Enabling employees to fulfil their potential within Babcock

- **Flexible working:** we are introducing the Agile Working Framework to promote work-life balance, support family commitments and promote inclusivity
- **Culture change:** as part of an ongoing cultural change programme, we have reinforced our zero tolerance position to any form of discrimination

“We are pleased to see our gender pay is closing, but know that there is still a long journey ahead. Our global targets reaffirm our commitment to continuing to address such an important issue.”



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

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| Legal Entity                                       | Gender Pay Gap |        | Bonus Pay Gap |         | Bonus Receivers |        | Lower quartile |        | Lower middle quartile |        | Upper middle quartile |        | Upper quartile |        |
|--|----------------|--------|---------------|---------|-----------------|--------|----------------|--------|-----------------------|--------|-----------------------|--------|----------------|--------|
|  | Mean           | Median | Mean          | Median  | Male            | Female | Male           | Female | Male                  | Female | Male                  | Female | Male           | Female |
| Babcock Aerospace Limited                          | 8.8%           | 13.8%  | -49.0%        | -19.7%  | 13.1%           | 8.5%   | 71.0%          | 29.0%  | 86.0%                 | 14.0%  | 89.7%                 | 10.3%  | 87.8%          | 12.2%  |
| Babcock Airports Limited                           | -0.7%          | 3.8%   | -27.0%        | -39.0%  | 5.1%            | 3.8%   | 92.5%          | 7.5%   | 89.4%                 | 10.6%  | 92.1%                 | 7.9%   | 91.2%          | 8.8%   |
| Babcock Corporate Services Limited                 | 20.9%          | 31.0%  | 30.5%         | 8.5%    | 22.1%           | 14.0%  | 39.1%          | 60.9%  | 68.9%                 | 31.1%  | 74.4%                 | 25.6%  | 77.3%          | 22.7%  |
| Babcock Critical Services Limited                  | 5.7%           | 21.4%  | -8.6%         | 0.0%    | 24.8%           | 28.1%  | 71.6%          | 28.4%  | 88.8%                 | 11.2%  | 97.4%                 | 2.6%   | 87.0%          | 13.0%  |
| Babcock DSG Ltd                                    | 8.3%           | 1.4%   | 16.3%         | -53.7%  | 4.8%            | 1.1%   | 72.2%          | 27.8%  | 91.2%                 | 8.8%   | 79.6%                 | 20.4%  | 85.7%          | 14.3%  |
| Babcock Integrated Technology Limited              | 10.8%          | 10.3%  | 30.9%         | 0.0%    | 70.7%           | 72.8%  | 71.9%          | 28.1%  | 81.8%                 | 18.2%  | 82.6%                 | 17.4%  | 86.5%          | 13.5%  |
| Babcock Land Limited                               | 10.0%          | 21.6%  | -28.1%        | -150.2% | 12.1%           | 9.3%   | 64.2%          | 35.8%  | 79.6%                 | 20.4%  | 90.7%                 | 9.3%   | 80.1%          | 19.9%  |
| Babcock Marine (Clyde) Limited                     | 15.0%          | 18.8%  | 55.1%         | 60.4%   | 0.2%            | 0.4%   | 67.1%          | 32.9%  | 89.8%                 | 10.2%  | 87.2%                 | 12.8%  | 89.8%          | 10.2%  |
| Babcock Marine Training Limited                    | 15.7%          | 17.3%  | 68.4%         | 24.2%   | 3.4%            | 8.1%   | 48.1%          | 51.9%  | 72.0%                 | 28.0%  | 73.3%                 | 26.7%  | 84.7%          | 15.3%  |
| Babcock Mission Critical Services Offshore Limited | 45.4%          | 50.6%  | 34.0%         | 0.0%    | 91.9%           | 80.0%  | 64.0%          | 36.0%  | 72.1%                 | 27.9%  | 96.5%                 | 3.5%   | 97.6%          | 2.4%   |
| Babcock Networks Limited                           | -24.0%         | -41.9% | 83.4%         | 69.8%   | 5.0%            | 5.9%   | 100.0%         | 0.0%   | 82.3%                 | 17.7%  | 84.8%                 | 15.2%  | 89.9%          | 10.1%  |
| Babcock Rail Limited                               | 6.4%           | 10.8%  | 48.0%         | -34.5%  | 6.5%            | 11.2%  | 82.4%          | 17.6%  | 85.7%                 | 14.3%  | 88.6%                 | 11.4%  | 87.4%          | 12.6%  |
| Babcock Training Limited                           | 13.4%          | 19.2%  | 2.5%          | 50.1%   | 6.5%            | 8.7%   | 26.1%          | 73.9%  | 40.5%                 | 59.5%  | 65.5%                 | 34.5%  | 56.9%          | 43.1%  |
| Babcock Vehicle Engineering Limited                | 12.8%          | 23.4%  | -53.4%        | -362.1% | 24.9%           | 4.8%   | 82.9%          | 17.1%  | 96.0%                 | 4.0%   | 98.7%                 | 1.3%   | 94.7%          | 5.3%   |
| Cavendish Nuclear Limited                          | 17.3%          | 15.1%  | 5.5%          | -39.4   | 1.6%            | 1.5%   | 69.6%          | 30.4%  | 76.0%                 | 24.0%  | 84.2%                 | 15.8%  | 88.8%          | 11.2%  |
| Devonport Royal Dockyard Limited                   | 8.3%           | 8.8%   | -68.1%        | -316.7% | 5.3%            | 3.6%   | 82.4%          | 17.6%  | 85.8%                 | 14.2%  | 88.4%                 | 11.6%  | 90.0%          | 10.0%  |
| Frazer-Nash Consultancy Limited                    | 26.4%          | 29.2%  | 31.6%         | 35.7%   | 98.7%           | 97.2%  | 62.1%          | 37.9%  | 81.1%                 | 18.9%  | 87.4%                 | 12.6%  | 93.7%          | 6.3%   |
| Rosyth Royal Dockyard Limited                      | 3.0%           | 3.7%   | 35.5%         | 6.8%    | 7.7%            | 8.9%   | 85.8%          | 14.2%  | 80.9%                 | 19.1%  | 88.5%                 | 11.5%  | 86.6%          | 13.4%  |

### Notes:

Mean and median values can differ significantly as mean averages can be significantly affected by outliers (both high and low)

The variance seen in the bonus pay gap across the different legal entities, and year to year, is a result of a number of different bonus schemes, with varying pay-out ratios year to year



A handwritten signature in grey ink, appearing to read 'Nikki Fox'.

**Nikki Fox**  
Chief Human Resources Officer

A handwritten signature in grey ink, appearing to read 'David Lockwood'.

**David Lockwood**  
Chief Executive Officer