

babcockTM



Gender Pay Gap Report 2021
Creating a more inclusive business

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Foreword

At Babcock we are guided by our Purpose – creating a safe and secure world together - and a clear set of Principles that are central to everything we do. We are committed to creating and maintaining a working environment that is as fair, inclusive, diverse and as supportive as possible for our colleagues.

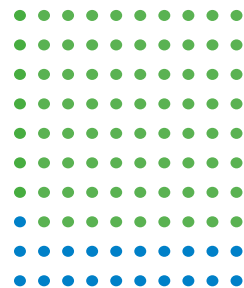
Our challenge is not a pay issue, but is an issue of representation. The engineering and defence sectors in which we operate in continue to be male dominated. For us, enabling a more equal gender representation remains key to our long-term strategy.

The work to reduce inequalities between male and female employees has resulted in some small year on year progress since we started reporting in 2017. In this, the fifth year of reporting, the median pay gap has narrowed slightly from 12.5% to 11.8%, but we know we still have much to do. Closing this gap will take time, and we are focused on cutting the time it will take us to get there.

Percentage of workforce

Male 79% Female 21%

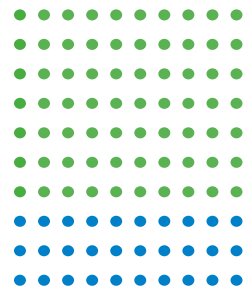
As an engineering and defence business, our workforce has traditionally been male dominated with females in FY21 making up only 19% of the workforce, with a higher proportion at entry level and our female representation at senior management level across Babcock Group stands at 21%.



Target percentage of workforce

Male 70% Female 30%

Our target is for women to make up 30% of our senior managers by 2025. This is ambitious, and we are putting in place policies and processes to accelerate our progress, including agile working, new recruitment processes, increased training, and a career returners scheme.



Below are some of the examples of initiatives currently underway in the UK:

› Inclusion Works is a 13-week peer-learning programme which has had over 8,000 participants globally.

No innocent bystanders was an interactive programme delivered at Devonport by a theatre learning group. It provided Babcock bespoke scenarios designed to identify what poor behaviours look like, how and when interventions would be appropriate, how to speak up and intervene and what the impact of not intervening can lead to.

› Reverse mentoring is a variety of programmes across the business supporting senior leaders to be mentored by those from a minority group within our business. LGBTQ+, Women, BAME, disabled colleagues, as well as our Graduate and Apprenticeship communities are included in this.

› Women in Defence Mentoring is a nine-month programme designed to improve gender balance, diversity and inclusion. It is a series of learning and networking events with pairs also meeting every four to six weeks. As a lead organisation in the pilot, Babcock will review the outcomes and apply the lessons learned to future Babcock mentoring programmes.

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.



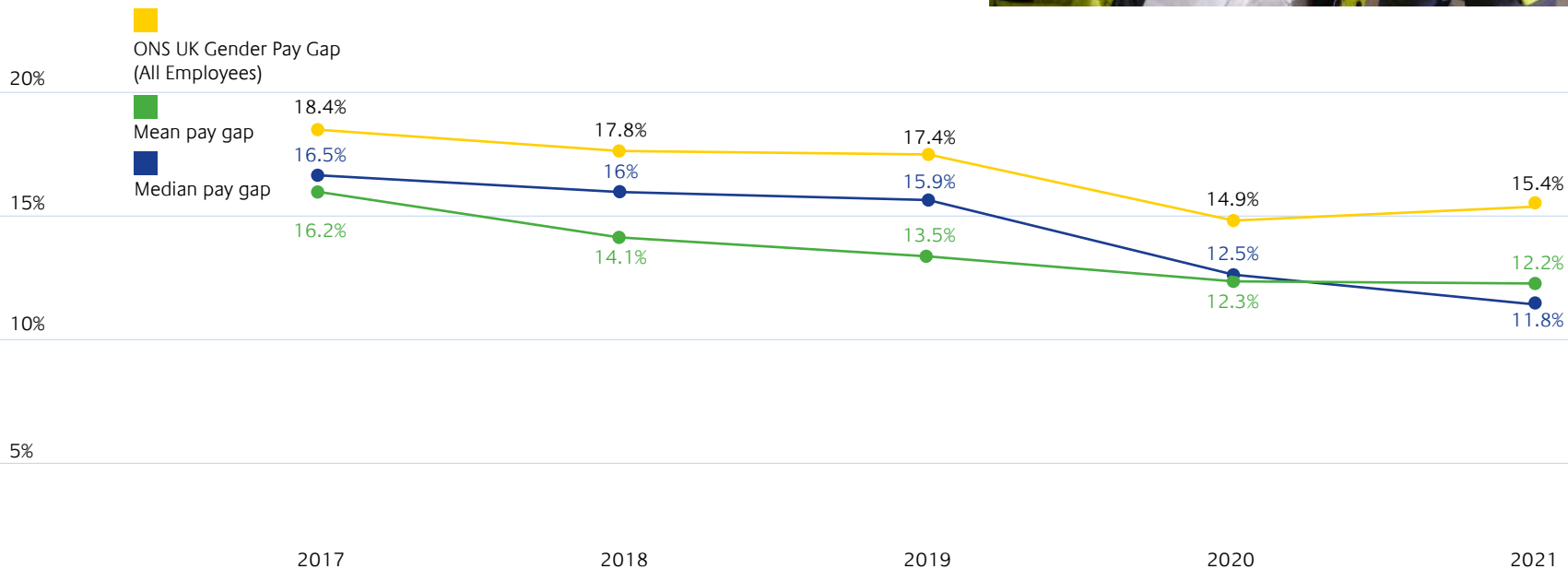
Our data for 2021

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.

Gender Pay Gap

The mean 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.

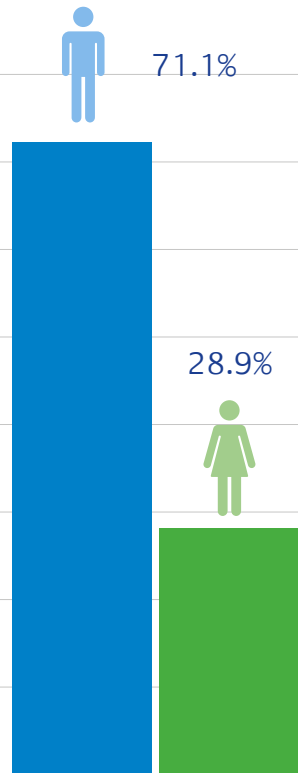
The median gender pay gap is the difference in the midpoints of the ranges of hourly rates of pay for men and women, expressed as a percentage of male employees' earnings.



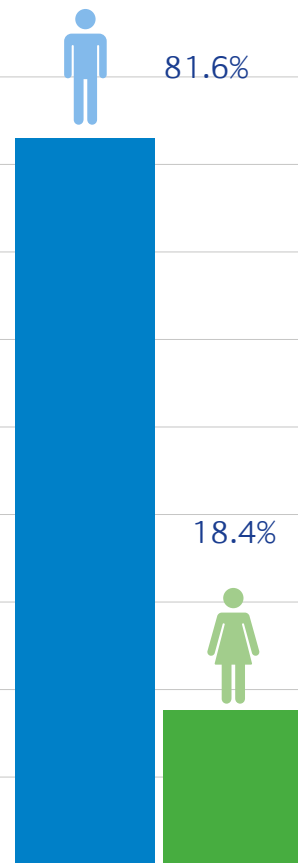
Our data for 2021

Proportion of males and females in each pay quartile

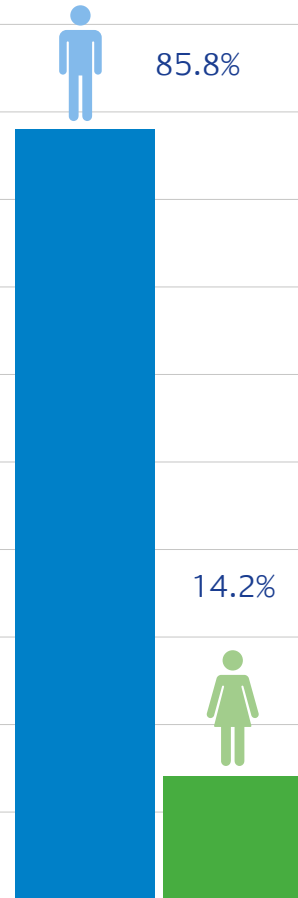
Lower quartile



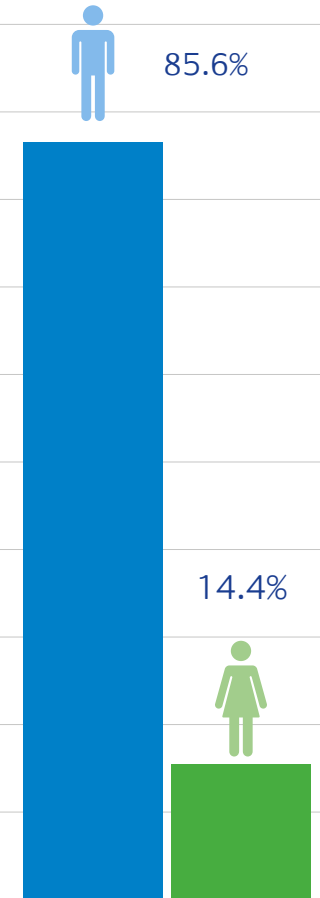
Lower middle quartile



Upper middle quartile



Upper quartile



The above chart shows the percentage of male and female full-pay relevant employees across four equal sized groups of employees based on their hourly pay.

Our data for 2021

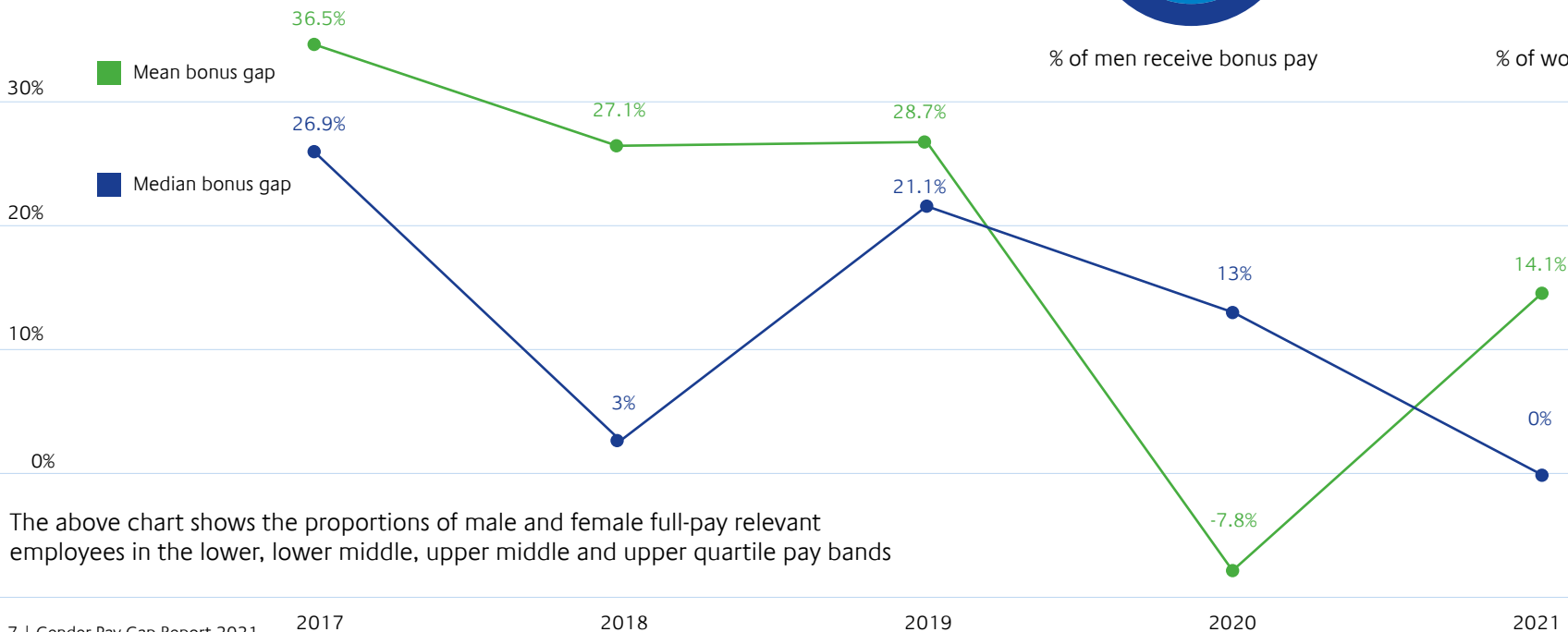
Gender bonus gap

The mean gender bonus gap is the difference in average bonus pay that male and female employees receive, expressed as a percentage of male employees' earnings.

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

This year we saw big changes in our bonus pay gap. There was a significant increase in number of males and females receiving a bonus due to bonus schemes set-up to recognise employee contributions throughout the pandemic.

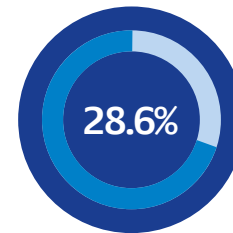


The above chart shows the proportions of male and female full-pay relevant employees in the lower, lower middle, upper middle and upper quartile pay bands

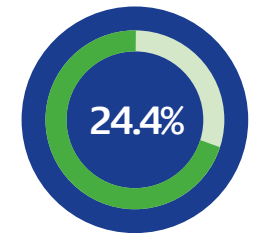
As a result of these schemes, our median bonus gap reduced to 0%, meaning males and females received an equal median award.

However, we saw an increase to our mean bonus gap which is a much more volatile metric due to the number of bonus schemes in place across the organisation with varying structures and outcomes.

This is the percentage of men and women who received bonus pay in the 12 months up to 5th April 2021.



% of men receive bonus pay



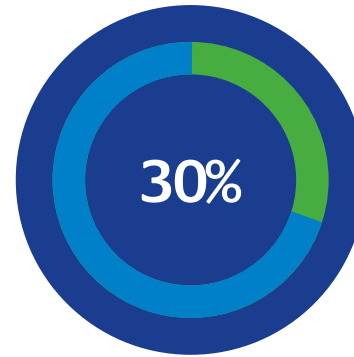
% of women receive bonus pay

Our people

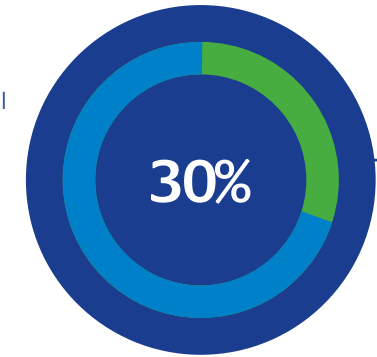
We want a better fairer future for our people

We remain committed to reaching our targets and to monitor progress in these areas, our focus will be on enhanced data collection to measure ourselves against two targets:

Target 1:
women within senior leadership teams by 2025



Target 2:
female representation at all levels by 2030



2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
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Reducing the median gender pay gap

Our median gender pay gap has reduced year on year since first reporting in 2017. It is a small reduction, nonetheless we understand closing the gap will take time. We are collectively committed to our long-term strategy, which we believe is fundamental in the continual reduction.

The recently launched people strategy supports our ability to deepen inclusion across the business and is already making a difference. It outlines the policies and programmes we need to implement for greater engagement and how we will educate and increase awareness to help our people understand the benefits of Inclusion and Diversity.

As we develop and relaunch our Employee Networks, and a new Peer Support Group model, they will continue to play a critical role in achieving Babcock's ambition for a more inclusive business. In 2022 we are widening our networks and will be establishing two new networks focused on disability and carers which will sit alongside our current networks for faith, ethnicity, gender and LGBTQ+.

These, along with wider common interest groups will be developed to a global level to drive greater diversity across the Group and support a robust, dynamic, and inclusive workplace.

Our Board and Executive team are championing this move to a more inclusive business and are tasked to create a great place to work, founded on an open and honest culture.

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).

2022 and beyond

We want to be an agile, people-centred business, where everyone is included supported and empowered to develop their talents to the full. We have simplified our structure so we can share capability, talent and best practice coupled with embedding diversity, collaboration and innovation everywhere.

Enabling equal gender representation remains our long-term plan as we continue to tackle the drivers of our gender pay gap using an evidence-based approach and monitoring progress to try to drive greater inclusivity.

Our long-term strategy to enable equal representation is based on three key themes:

Growing new talent pipeline for the long term

STEM

- › **Support.** We have engaged over 32,220 students in STEM activities, working through our 1,653 STEM ambassadors.
- › **Returns:** by FY24 we aim to increase the pool of female talent by establishing a UK pilot to hire women back into a career in STEM/Defence.

Early careers

- › More than 1,024 apprentices (14% female) and 335 graduates (30% female) are employed on our early careers' schemes
- › Our target is to achieve a 50/50 balanced intake in early careers by FY24.



Attracting the best female talent from the current pool

- › **Recruitment analytics:** we have increased the amount of data collected and reviewed to highlight any bias in our recruitment process.
- › **Charters and memberships:** we are proud stakeholders in the Women in Defence Charter, Women in Aviation Charter and Women in Nuclear UK. We are also members of the Armed Forces Covenant and a Stonewall Global Champion.
- › **Our Networks,** coupled with our newly created Peer Support Groups, will continue to play a key role in supporting women across Babcock to drive changes that will create a better place to work.

Enabling employees to fulfil their potential within Babcock

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

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

	Gender Pay Gap		Bonus Pay Gap		Bonus Recievers		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	8.9%	16.3%	8.0%	1.6%	3.2%	4.6%	68.5%	31.1%	87.3%	12.7%	87.1%	12.9%	86.7%	13.3%
Babcock Corporate Services Limited	21.2%	32.9%	52.3%	26.5%	32.6%	24.7%	42.6%	57.4%	68.9%	31.1%	75.6%	24.4%	78.5%	21.5%
Babcock Critical Services Limited	-6%	8.2%	-90.2%	-10.8%	28.3%	23.3%	72.3%	27.7%	88.4%	11.6%	93%	7%	79.8%	20.2%
Babcock Integrated Technology Limited	12.4%	12.1%	17.7%	0.0%	78.9%	68.1%	65.5%	34.5%	82.2%	17.2%	78.7%	21.3%	86.1%	13.9%
Babcock Land Defence Limited	4%	-0.1%	15.1%	-7.2%	3.6%	3.8%	69.2%	30.8%	91.2%	8.8%	79.2%	20.8%	80.5%	19.5%
Babcock Land Limited	17.9%	27.4%	76.1%	47.9%	4.9%	3.2%	67.5%	32.5%	83.7%	16.3%	94.7%	5.3%	88.9%	11.1%
Babcock Learning & Development Partnership LLP	7.6%	19.2%	-2.8%	27.5%	2.3%	1.9%	11.1%	88.9%	14.3%	85.7%	25.4%	74.6%	19%	81%
Babcock Marine (Clyde) Limited	16.2%	18.6%	29.2%	37.5%	75%	75.3%	64.1%	35.9%	90.8%	9.2%	90.8%	9.2%	89.3%	10.7%
Babcock Mission Critical Services Offshore Limited	44.6%	51.8%	0%	0%	0%	0%	64.7%	35.5%	72.9%	27.1%	96.5%	3.5%	98.8%	1.2%
Babcock Networks Limited	0.8%	7.3%	14.3%	-28.5%	23.8%	12.9%	94.7%	5.3%	82.7%	17.3%	90.7%	9.3%	90.7%	9.3%
Babcock Rail Limited	8.9%	12.9%	59%	66.6%	9.8%	14.3%	80%	20%	86.3%	13.7%	88.6%	11.4%	89.1%	10.9%
Babcock Training Limited	16.3%	22.4%	49.3%	80.9%	4.7%	9.3%	41.5%	58.5%	41.1%	58.9%	71.5%	28.5%	71.5%	28.5%
Babcock Vehicle Engineering Limited	17.6%	26%	-219.4%	-694.7%	65.6%	4.8%	78.6%	21.4%	98.6%	1.4%	98.6%	1.4%	94.3%	5.7%
Cavendish Nuclear Limited	14%	13.7%	-31.3%	0%	16.1%	9.1%	70.9%	29.1%	78.4%	21.6%	84.2%	15.8%	89.7%	10.3%
Devonport Royal Dockyard Limited	8%	9.2%	-1.7%	-16.6%	12%	11.8%	81%	19%	84.6%	15.4%	88.1%	11.9%	88.8%	11.2%
Frazer-Nash Consultancy Limited	24.8%	33%	40.5%	39%	93.9%	92.5%	61.5%	38.5%	81.6%	18.4%	87.3%	12.7%	93.9%	6.1%
Rosyth Royal Dockyard Limited	2.1%	2.4%	10.3%	0%	88.7%	82.8%	85.5%	14.5%	84.3%	15.7%	88.3%	11.7%	85.3%	14.8%



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

Nikki Fox
Chief Human Resources Officer



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

David Lockwood
Chief Executive Officer

