

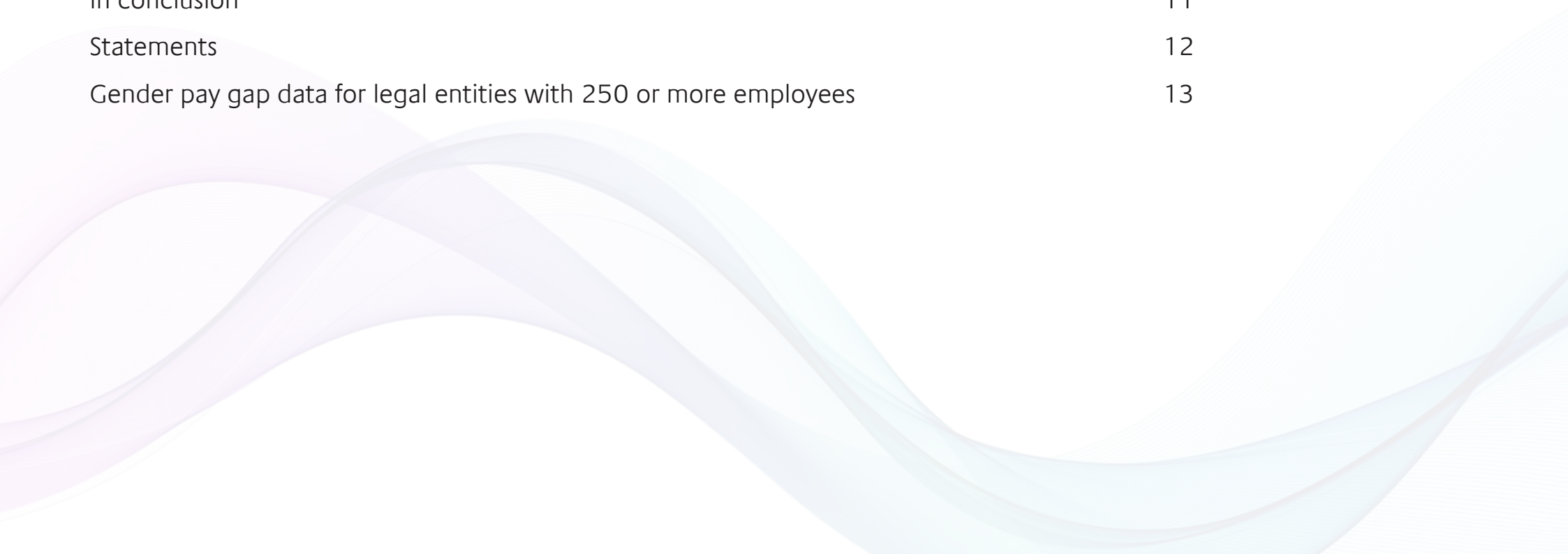
babcock™



GENDER PAY GAP REPORT 2023

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Foreword

At Babcock we are guided by our Purpose – to create 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 work to reduce inequalities between male and female employees has delivered progress every year since we started reporting in 2017. This year we are pleased to report that the median pay gap has once again reduced, narrowing from 9.6% to 6.7%.

Whilst we continue to be well below the UK average gender pay gap (currently 14.3%) we recognise that there is still more to do and remain focussed on continuing to close the gap.

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

Gender representation: Men 82% Women 18%

As an international defence, aerospace and security company, our workforce has traditionally been male-dominated. In FY24, women constitute 18% of our workforce. We continue to challenge this and are starting to see increased gender balance representation at overall Senior Leadership levels (23%, up from 21%) and at Board level (38%, up from 33%).



What is the gender pay gap?

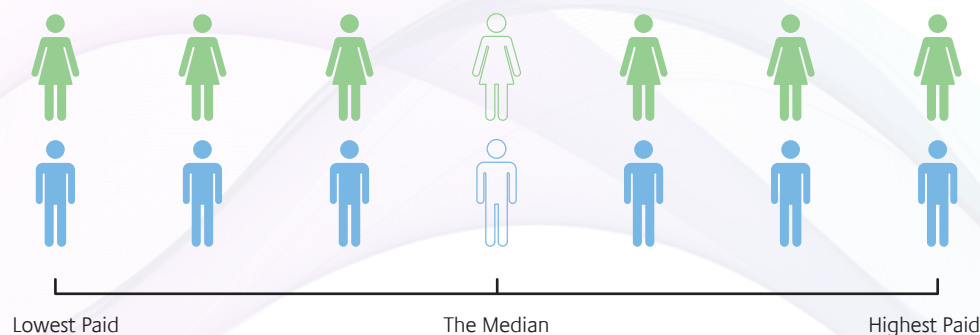
In accordance with the Gender Pay Gap Regulations, and as part of our tracking and monitoring of progress towards closing our gender pay gap, we report on the following measures for all UK entities with 250 or more employees as at the 5 April 2023:

- › Mean and median gender pay gap
- › Mean and median gender bonus gap
- › Proportion of men and women receiving bonuses
- › Proportion of men and women in each pay quartile

A gender pay gap does not mean women are paid less than men for doing the same job, rather it shows that, on average, men occupy higher-paying roles than women.

Median

If our colleagues were lined up as a line of women and a line of men, in order from highest paid to lowest paid, the person in the middle would be the median. The median pay gap compares the hourly rate of pay between the middle man and middle woman colleague. It is expressed as a percentage of male employees' earnings.



Mean

The mean pay gap compares the average hourly rate of pay that Babcock men receive to that of Babcock women. It is expressed as a percentage of male employees' earnings.



Quartiles

Quartiles are calculated by ranking the hourly rate of pay of our colleagues from lowest to highest and then splitting into four equally sized groups, showing the percentage of women and men in each group.

Bonus Gap

The bonus gap is calculated using actual bonuses paid to colleagues for the 12 months from 6 April 2022 to 5 April 2023. The mean and median bonus gap is calculated using the same formula as described for the pay gap.

Gender Identity

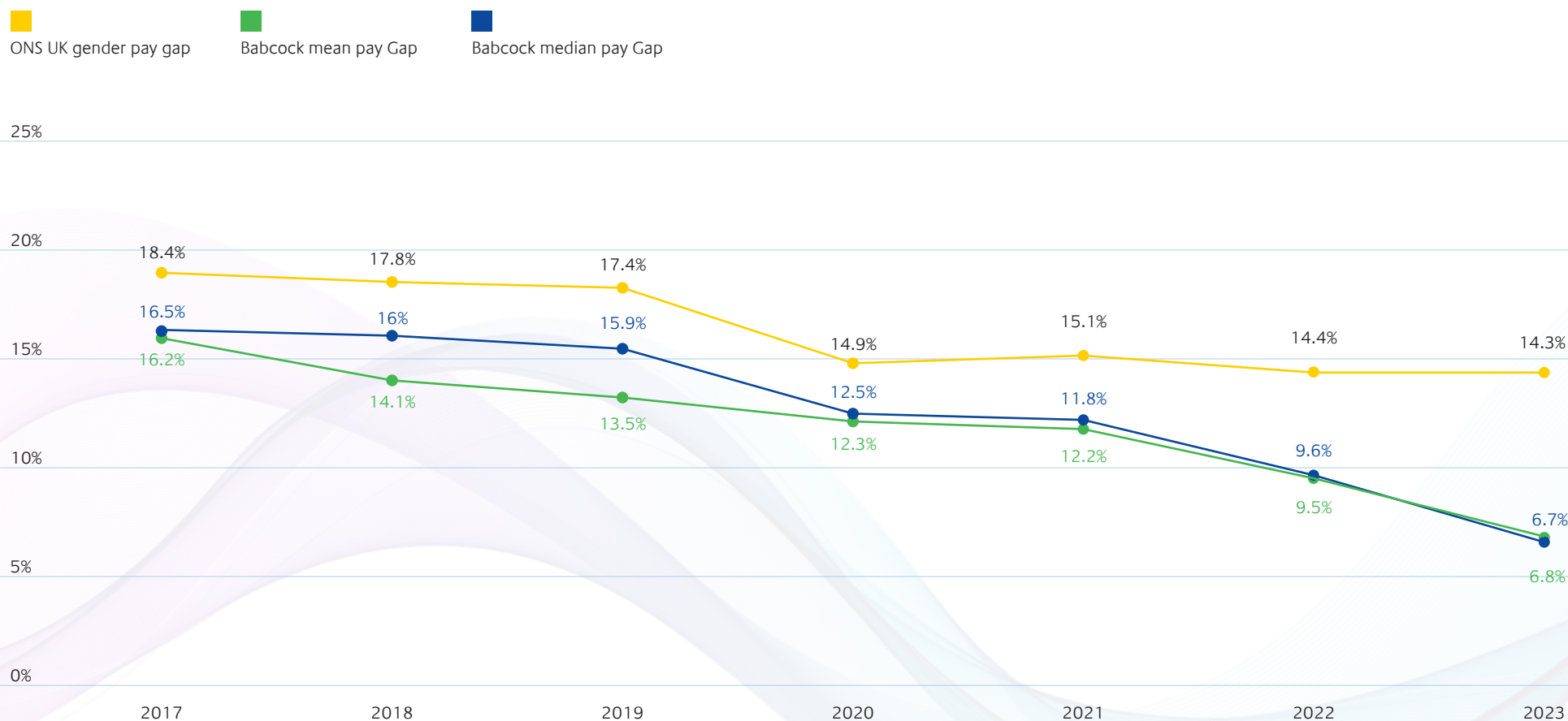
As an inclusive employer we support all non-binary and gender-fluid colleagues. Gender Pay Gap Regulations require us to identify all colleagues as either men or women. This in no way impacts our support or inclusion of all gender identities at Babcock.

Our gender pay gap data for April 2023

Babcock have 21 legal entities employing staff in the UK. The following graphs display the overall gender pay gap data for the Group. The data for each Babcock entity which has 250 or more employees is set out in the table on the last page.

We are pleased to see that as a result of the actions we are taking the gap in mean and median pay continues to reduce as shown in the graph below. We remain committed to closing the gap.

Gender pay gap (2017 - 2023)

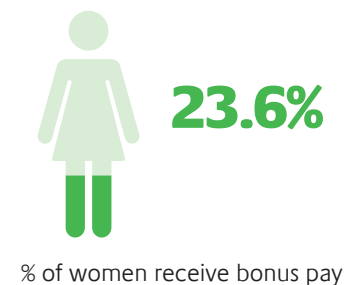
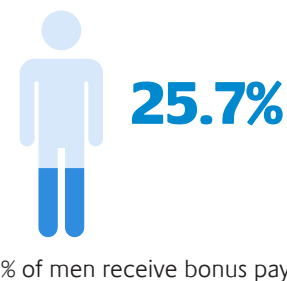


Our gender bonus gap data for April 2023

The variance seen in the bonus pay gap across the different legal entities, and year to year, is partly a result of several different bonus schemes and incentives across the Group, with varying pay-out ratios year to year. There has been a significant increase in those who received a bonus this year due to both the pay-out of the Group annual incentive plan and the launch of our UK-wide employee referral programme, BIG Referrals, in 2022.

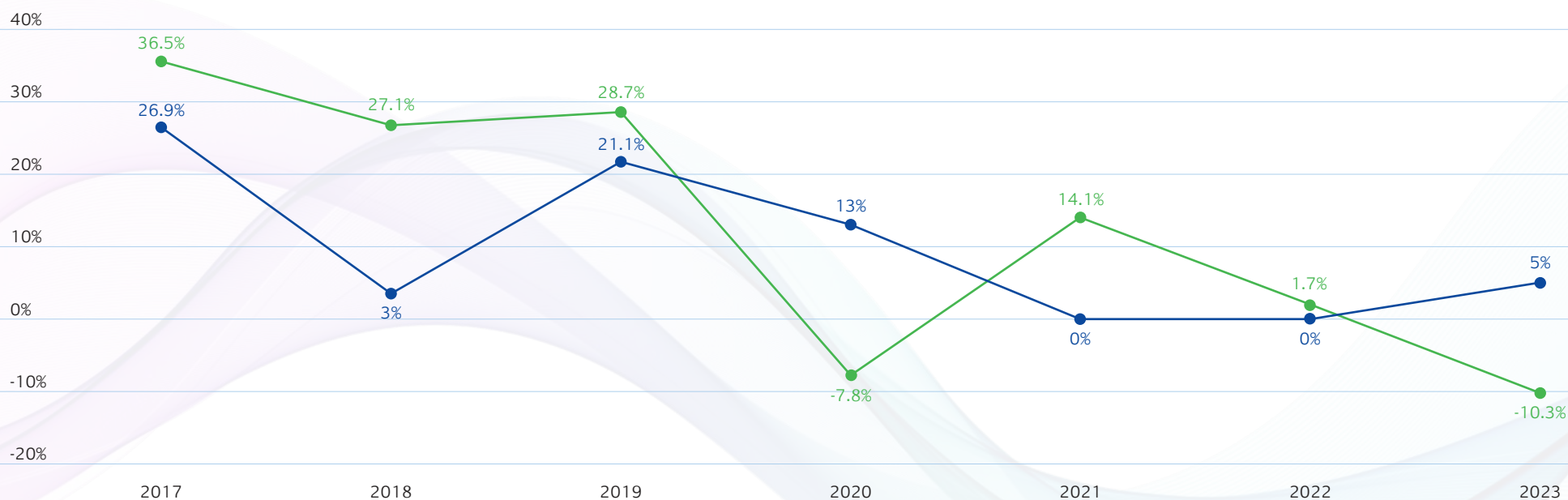
Employees receiving a bonus

The infographics below show the percentage of men and women who received bonus pay in the 12 months up to 5 April 2023 is 25.7% and 23.6% respectively.



Gender pay gap (2017 - 2023)

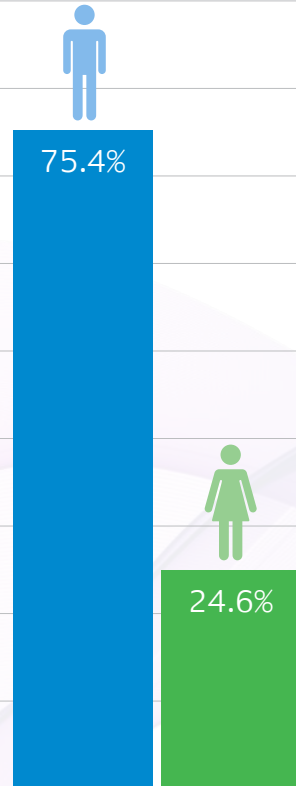
■ Babcock Mean Bonus Gap ■ Babcock Median Bonus Gap



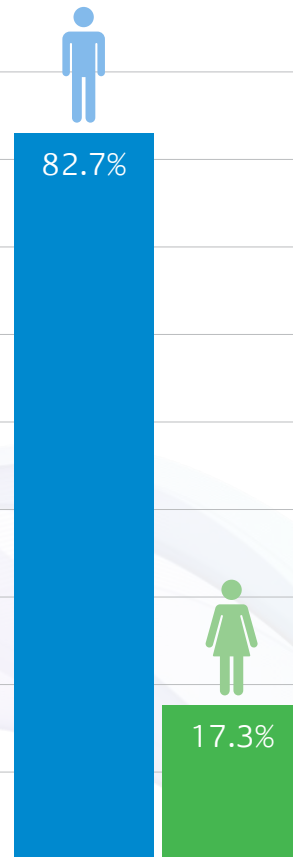
Representation in each pay quartile

The chart below shows the percentage of men and women across four equal sized groups of employees based on their hourly pay

Lower quartile



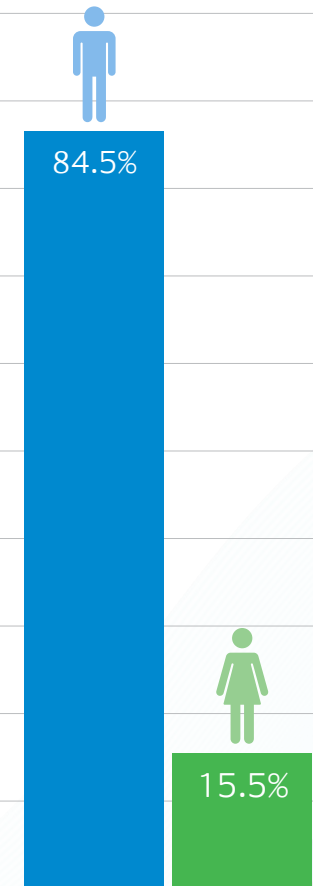
Lower middle quartile



Upper middle quartile



Upper quartile



Our people

In pursuit of our gender-balance targets, we prioritise data understanding to monitor progress in gender balance and broader diversity initiatives. Building on our evidence-led approach to inclusion and diversity established in 2022, we foster relationships with stakeholders like the Gender Balance Network and Women in Defence UK.

Our internal initiatives in Financial Year 2024 focussed on driving culture change and supporting women's representation, including:

- › Launching the 'About Me' data collection campaign for a better understanding of our people.
- › As a signatory to the Menopause Workplace Pledge, introducing a refreshed approach underpinned with a comprehensive Menopause Action Plan including communications, awareness, peer support and manager training.
- › Launching the first stage release of Babcock's Inclusive Leave Policy to deliver an equitable and inclusive employee experience.
- › Unveiling 'Inclusion in Action – 101' education and awareness content series.
- › Establishing three new employee Networks – Carers, Disability and Forces - based on employee feedback in addition to our longstanding networks

Externally, our role as the Critical Mass Partner for Women in Defence included co-designing the Women in Defence Critical Mass Summit in Summer 2023, delivering customised workshops. We actively participate in the Defence Suppliers Forum to enhance the relationship between Government and industry through the People & Skills workstream and policy influence.

The need for internal change

We remain committed to engaging with our people and valuing their feedback. Insights from across both our 2022 and 2023 Global People Surveys underscore the importance of all aspects of inclusion to our workforce. This included respect at work, with both years showing respondents confirming that respect at work was important to them, with the 2023 survey showing a 62% favourable response. We are committed to embedding inclusion through how we operate as an organisation both internally and externally.



be curious



think: outcomes



be kind



collaborate



be courageous



own & deliver

Our people

A global inclusion response

In agreement with our Executive Team and PLC Board, we have taken the next steps in developing our inclusion strategy and approach to deliver a One Babcock programme reflective of our Global organisation.

In Spring 2023 we began the process of exploring how we could broaden our approach to inclusion, because we know we can and need to go further in creating a more inclusive and diverse Babcock. Through a discovery project, Barriers to Inclusion, we tested three key elements of inclusion – Culture, Behaviours and Leadership. Delivered via focus groups, we explored our people's day-to-day experience across Babcock.

The outcomes of this work provided us with the opportunity to take the next steps in further developing our inclusion strategy and program across the Group. Through the internal report, Our Blueprint for the Future, we are adopting a centrally-led approach to inclusion which will enable us to think across boundaries, help everyone to understand they are included and share solutions.

Transitioning to a business-owned, cross-company approach in this way is creating an opportunity to focus on understanding differences that exist across our territories and how a different focus is needed, whilst sharing experiences and ideas that have resulted in positive changes to inclusion in our organisation.

Underpinned by three stated commitments: Our People, Our External Environment and Our Impact, we have:

- › Delivered deep dive sessions across the Group to CEOs, senior leadership teams and our global people team.
- › Established Inclusion Steering Groups across all geographies, including all UK sectors.
- › Designed and rolled out evidence-based, bespoke Inclusion Roadmaps in each of our territories.

Building a Babcock for the future

To tackle the gender pay gap, our long term strategy focuses on growing the talent pipeline, attracting the top talent from our diverse pool of candidates, and enabling employees to fulfil their potential at Babcock. In taking an inclusive approach in how we promote STEM awareness, we are actively working to remove cultural barriers that may prevent young women from engaging with these subjects, address biases and deliver a more equitable future.

Examples of what we have delivered in this area include:

- › Working closely with the Careers & Enterprise Company to deliver the Government's Gatsby Benchmarks across England and Scotland, as well as Developing Young People. Our aim is to continue to raise awareness of STEM opportunities along with supporting students and schools with enhancing students' employability and skills. Our aim is to break down barriers and encourage inclusivity as well as diversity.
- › Continuing to expand our work experience offering, and by 2026 will have extended our offer to students in years 11/12 in England and S5 in Scotland.
- › Engagement with Headteachers: in FY25 we will be hosting our first ever headteachers event to raise awareness of the career opportunities on offer. Our intent is to expand our offer across the UK.
- › Festival of Engineering: a two-day event on site, which is full of activities to showcase STEM to primary school students, break down barriers and demonstrate first-hand the variety of future opportunities. The event is held in collaboration with the community as well as business stakeholders, and has been a huge success in Scotland. During FY25 the event will be rolled out across the UK.



A woman with dark hair in a bun, wearing glasses, a light-colored short-sleeved polo shirt, and dark trousers, stands in a server room. She is holding a tablet and looking at it. The room is filled with server racks, and the lighting is a mix of blue and yellow. A yellow horizontal bar is visible in the background.

In conclusion

We take pride in our achievements in improving gender diversity, recognising that there is more work ahead to achieve gender balance in talent attraction and retention. We remain steadfast in our commitment to closing the gender pay gap and creating an environment where all employees flourish and can shape their future within Babcock.

“I can confirm that the data provided has been collated in accordance with the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017”



A black ink signature of Louise Atkinson, consisting of a series of loops and a long horizontal stroke.

Louise Atkinson
Chief People Officer



A black ink signature of David Lockwood, featuring a stylized 'D' and 'L' with a long horizontal stroke.

David Lockwood
Chief Executive Officer

Gender pay gap data for legal entities with 250 or more employees

Legal Entity	Pay Gap		Bonus Pay Gap		Bonus Receivers		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 Ltd	5.6%	11.5%	-8.7%	-2.0%	3.8%	7.5%	69.4%	30.6%	84.9%	15.1%	88.7%	11.3%	86.0%	14.0%
Babcock Corporate Services Limited	17.7%	17.4%	6.5%	22.7%	19.1%	12.2%	46.2%	53.8%	67.9%	32.1%	73.2%	26.8%	70.8%	29.2%
Babcock Critical Services Ltd	12.3%	21.6%	29.9%	42.6%	54.8%	20.4%	68.1%	31.9%	90.0%	10.0%	97.8%	2.2%	93.3%	6.7%
Babcock Integrated Technology Limited	8.6%	9.7%	17.6%	0.0%	69.7%	70.4%	66.3%	33.7%	73.8%	26.2%	79.9%	20.1%	81.5%	18.5%
Babcock Land Defence Limited	1.0%	8.2%	-1.4%	-97.5%	8.9%	9.4%	72.0%	28.0%	82.5%	17.5%	85.7%	14.3%	78.8%	21.3%
Babcock Rail Limited	20.3%	26.9%	17.5%	1.7%	85.3%	80.0%	70.9%	29.1%	85.5%	14.5%	94.2%	5.8%	93.0%	7.0%
Babcock Training Limited	4.3%	3.4%	-78.6%	0.0%	18.9%	16.3%	62.4%	37.6%	83.1%	16.9%	73.6%	26.4%	75.0%	25.0%
Cavendish Nuclear Limited	16.5%	19.3%	-1.3%	-62.1%	22.9%	16.1%	67.0%	33.0%	79.5%	20.5%	83.3%	16.7%	88.5%	11.5%
Devonport Royal Dockyard Limited	6.3%	6.3%	5.0%	0.0%	11.5%	12.2%	80.6%	19.4%	82.1%	17.9%	86.2%	13.8%	87.2%	12.8%
Rosyth Royal Dockyard Limited	1.6%	2.5%	21.3%	75.0%	83.5%	82.1%	84.7%	15.3%	84.4%	15.6%	89.4%	10.6%	85.1%	14.9%