

A photograph of two women in an office environment. The woman on the left has long brown hair, wears glasses, and a pink sweater. The woman on the right has long dark hair and is smiling. Both are wearing blue lanyards. They appear to be looking at a screen or document together. The background is a blurred office space.

babcockTM

Gender Pay Gap Report 2022

Choosing Inclusion, Driving Gender Balance, Taking Action

Contents

Foreword	3
Gender pay gap and equal pay	4
Our data for 2022	5-7
Our people	8
Gender-balance action plan	9
Building a Babcock for the future	10
In conclusion	11
Statements	12
Gender pay gap data for legal entities with 250 or more employees	13
Glossary of terms	14

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 inclusive, diverse and supportive, which provides opportunities for all our colleagues.

As a defence company, we operate in a sector that continues to be male dominated and our challenge remains primarily an issue of representation. For us, having more women across the Group, and particularly in senior leadership roles, is key to our long-term strategy.

Our work to improve our gender representation has seen us reduce our gender pay gap each year since we started reporting in 2017. This year we are pleased to report that the median pay gap has come down once again, from 11.8% to 9.6%.

This means that we are trending at 5.3 percentage points less than the UK average pay gap of 14.9%. Whilst this is positive, we recognise there is still more to do, and we remain focused on closing the gap as quickly as possible.

2022 Gender split: Male 81% Female 19%

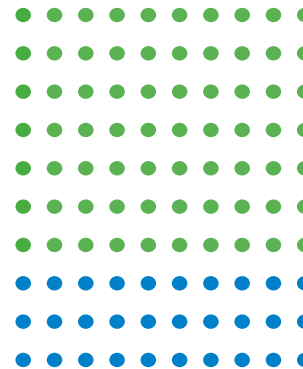
Our workforce in Babcock is representative of the Defence Sector with females making up 19% of the workforce in FY22, with a higher proportion in entry level roles.

Senior leadership

We have seen a modest improvement of female representation within our senior leadership team from 21% to 23%. This is most notably at the Executive Committee and the most senior management level, where we have made good progress on the attraction and promotion of female talent.

Target percentage of workforce:

Male 70% Female 30%



We remain committed to our targets to ensure women make up at least:

- › 30% of our senior leadership team by 2025 and
- › 30% of our broader employee population by 2030

Our ambitions are bold and to accelerate progress we have looked again at our strategic approach to inclusion and diversity. We are rolling out new policies and ways of working, new recruitment processes, improved leadership development, enhanced mentoring programmes and career returners schemes, along with training.

A woman with dark hair tied back, wearing clear safety glasses and a blue work jacket with 'babcock' written on the chest, is focused on her work. She is wearing blue gloves and using a tool to adjust a part of a machine. The background shows a factory setting with various equipment and a green exit sign.

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 2022

We have 25 legal entities employing staff in the UK. Of these, 12 have a headcount of 250+ and are required to report. The data below is 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.

Gender pay gap

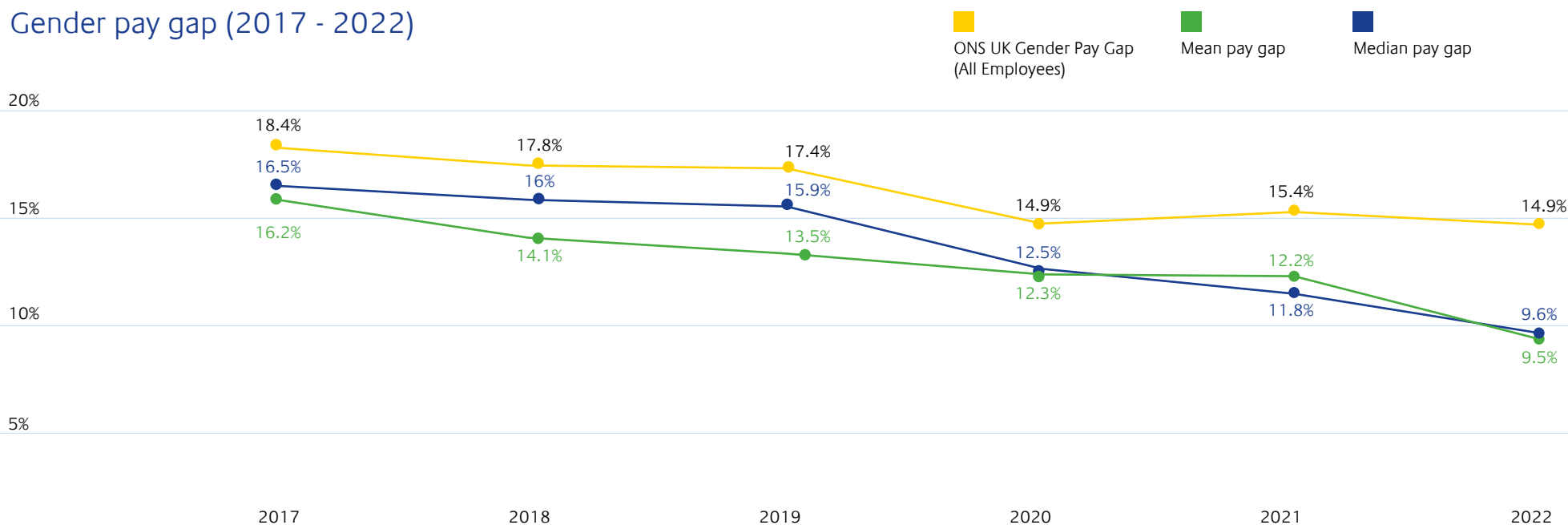
The mean gender pay gap is the difference in average hourly rates of pay that male and female employee receive, expressed as a percentage of male employees' earnings.

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.

We are pleased to see the gap in mean and median pay continuing to reduce per the table below as a result of the actions we are taking and remain committed to closing the gap.

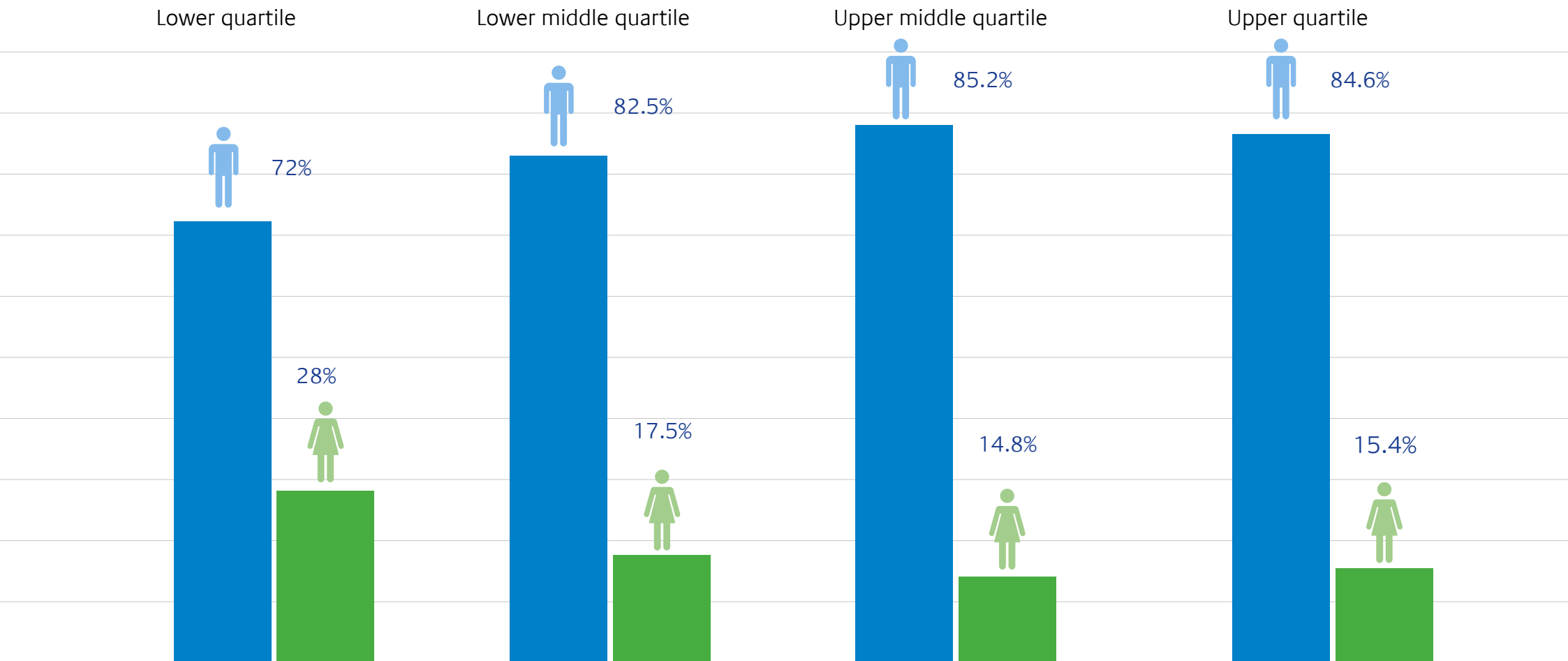


Gender pay gap (2017 - 2022)



Our data for 2022

Proportion of males and females in each pay 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 2022

Gender bonus gap

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

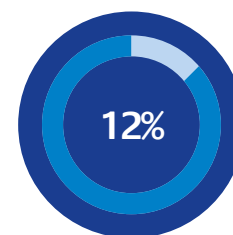
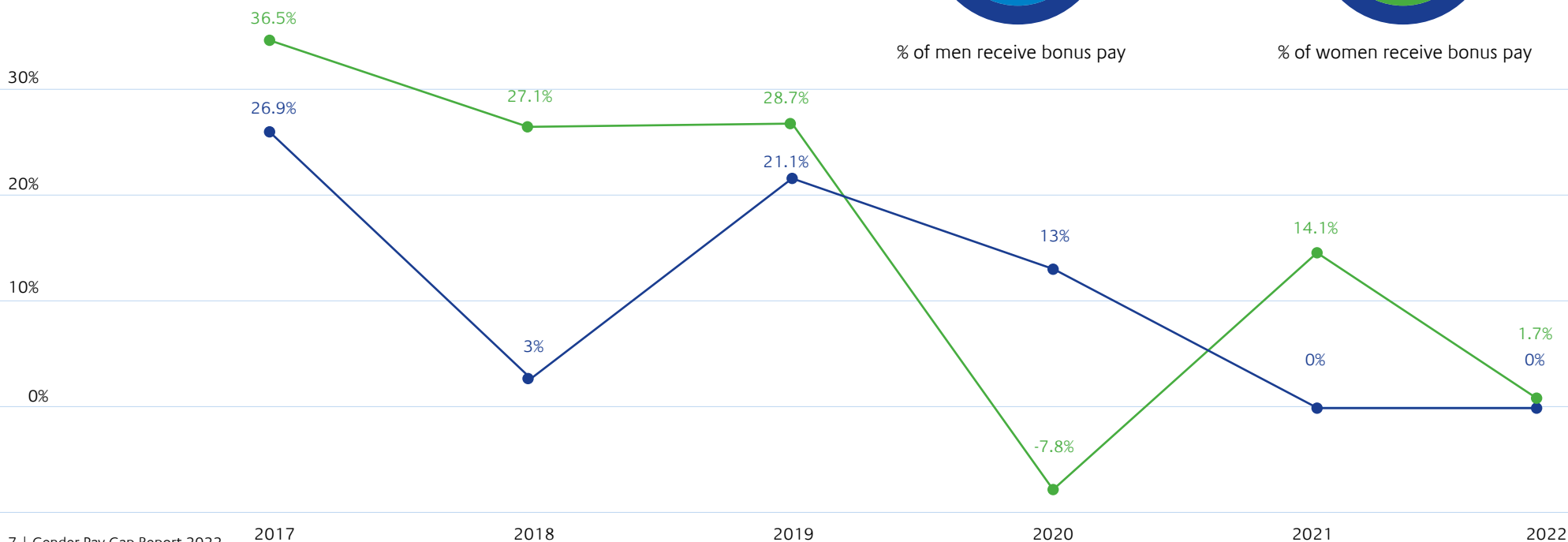
The median gender bonus gap shows the difference in the midpoints of the ranges of bonus pay received by male and female employees, expressed as a percentage of male employees' earnings.

Proportion of males and females receiving a bonus

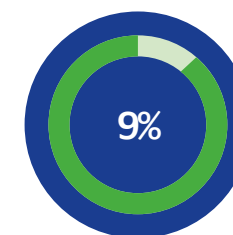
We have seen the mean bonus gap reduce by 12.4% to 1.7%, while the median bonus gap has stayed the same at 0%. The variance seen in the bonus pay gap across the different legal entities year on year, is a result of a number of different bonus schemes and incentives across the group, with varying pay-out ratios.

Gender pay gap (2017 - 2022)

■ Mean bonus gap ■ Median bonus gap



% of men receive bonus pay



% of women receive bonus pay

Our people

Agile, effective and inclusive

We remain committed to reaching our gender-balance targets and with our renewed focus on understanding and enhancing our people data, we will be in a strong position to monitor our progress in both gender balance and diversity more broadly.

“Our median gender pay gap has reduced year on year since first reporting in 2017. I am pleased to report a further reduction this year, however we recognise that closing the gap completely will take time.

We are collectively committed to our long-term strategy to get more women, and more senior women, into the defence industry and our business.

We believe our approach is fundamental to driving the performance of our business and creating an inclusive company that delivers a year-on-year reduction in the pay gap.”

Nikki Fox,
Chief Human Resources Officer



Building on historic activity across Babcock International Group, we adopted a new strategic and evidence led approach to inclusion and diversity in 2022. We further deepened relationships with internal and external stakeholders, including our Gender Balance network, to help drive our programme of culture change and the positive actions that inspire and support women and will help us to increase representation.

An important aspect of this approach is feedback from our people. During our 2022 Global People Survey, over 73% of our people indicated that inclusion was very important to them. Recognising there is always room to do more, leaders across the business have reviewed the survey results, and set themselves and their teams, positive actions to support this work.

Our new Global Inclusion and Diversity strategy aligns with our Global People Strategy and local people plans to deliver a collaborative pragmatic approach. The resulting programme of work will help our people understand and embed the benefits of Inclusion and Diversity.

Developing and evolving in 2023 and beyond

Our updated approach to I&D has enabled us to create the right foundations to deliver gender balance and drive greater diversity more broadly through strategic and evidence led action across three key pillars of focus:

1. Enhanced insight and data on our workforce
2. Policies, programmes and mentoring that drive greater talent engagement and representation
3. Education, training and awareness raising to demonstrate the value of an inclusive and more diverse organisation

As an award-winning signatory to the Women in Defence Charter we have met all our commitments, including:

- › Setting and publishing targets
- › Appointing an Executive Committee (ExCo) member to be accountable for gender-balance and I&D and
- › Linking executive objectives to the achievement of gender diversity targets from FY24

Gender-balance action plan

Central to our focus on creating greater gender balance, and in delivering a culture where women can progress their careers and develop into senior roles, we launched our Gender-balance Action Plan (GAP). Acting as the blueprint for Inclusion & Diversity, informed by data and insight, and supported by our Senior I&D ExCo Sponsor, the GAP is a robust six stage action plan we developed and launched in 2022.



Driving business led change, creating success

We have implemented a global business-led Inclusion and Diversity governance model. Bringing together decision makers, delivery teams, partners, key stakeholders, including our networks, to help us drive and measure our progress. This is a key tool for us to continue to monitor our activity on gender and broader diversity throughout our business.

We are continuing to develop our Employee Networks and Peer Support Group model, so they maintain their critical role in achieving Babcock's ambition for a more inclusive business. In 2023 we will establish three new networks focused on carers, disability and veterans which will sit alongside our current networks for ethnicity, faith, gender-balance, LGBTQ+ and Neurodiversity.

Developing our global network groups, will drive greater diversity across the Group at a working level 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, which is agile, effective and inclusive.

Building a Babcock for the future

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.

As we continue to tackle the drivers of our gender pay gap using an evidence-based approach and monitoring progress 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

- › STEM Hubs have been formed in Bristol and Scotland with the objective of raising awareness, engagement, and aspiration in STEM related subjects to reach more female students.
- › By 2024 we aim to have introduced more 'Teacher Insight Sessions' along with more STEM work experience programmes to raise awareness of STEM careers in Babcock.
- › Returners: by FY24 we will increase the pool of female talent by establishing a UK pilot to hire women back into a career in STEM and Defence.

Attracting the best female talent from the current pool

- › Lifecycle analytics: we continue to collect and monitor recruitment data to identify if bias is occurring. Additionally, we have introduced exit interviews with women leaving the business to understand their experiences and identify any emerging themes.
- › 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.
- › Our Global Networks, supported by Peer Support Groups specific to their membership, play a key role in supporting inclusion across Babcock to drive changes that will create a better place to work.

Enabling employees to fulfil their potential within Babcock

- › Flexible working: we have embedded our Agile Working Framework to encourage work-life balance, support family commitments and improve health and wellbeing. This has been well received by our workforce with our global people survey confirming that having an agile approach does enable our people to balance their work and home lives that promotes inclusion.
- › Culture change: as part of an ongoing cultural change programme, we have reinforced our zero-tolerance position to any form of discrimination, and we are working to ensure all policies and processes reflect our approach to inclusion and diversity.



A man with dark hair and glasses, wearing a blue polo shirt and a blue lanyard with a Babcock badge, is smiling and looking at a tablet. A woman with long blonde hair and glasses, wearing a beige sweater and a blue lanyard with a Babcock badge, is also smiling and looking at the tablet. They are both sitting at a white table. The background is a solid blue wall.

In conclusion

We are proud of our work on gender diversity, which is a key business priority, and we recognise there is still much to do to deliver gender balance through attraction and retention of female talent.

We are committed to closing the gender pay gap, growing our talent pipeline for the long term, developing our processes to attract female talent, and enabling employees to flourish and shape their own 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 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

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	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Babcock Aerospace Ltd	6.8%	13.7%	47.3%	50.0%	0.4%	0.6%	69.8%	30.2%	84.0%	16.0%	87.0%	13.0%	87.4%	12.6%
Babcock Corporate Services Limited	15.4%	19.6%	37.8%	33.8%	9.8%	5.2%	48.4%	51.6%	67.2%	32.8%	74.4%	25.6%	74.4%	25.6%
Babcock Critical Services Ltd	-0.6%	12.7%	20.5%	0.9%	53.9%	16.7%	70.5%	29.5%	84.8%	15.2%	93.8%	6.3%	80.4%	19.6%
Babcock Integrated Technology Limited	9.5%	9.7%	56.3%	33.3%	1.6%	0.9%	68.8%	31.3%	78.3%	21.7%	82.1%	17.9%	81.7%	18.3%
Babcock Land Defence Limited	2.7%	6.9%	11.1%	0.0%	64.9%	53.3%	70.9%	29.1%	83.9%	16.1%	89.3%	10.7%	81.4%	18.6%
Babcock Marine (Clyde) Limited	14.4%	11.2%	-50.0%	-84.6%	0.6%	0.5%	75.7%	24.3%	91.9%	8.1%	89.0%	11.0%	90.1%	9.9%
Babcock Rail Limited	19.7%	24.1%	0.0%	0.0%	0.0%	0.0%	72.7%	27.3%	86.0%	14.0%	93.0%	7.0%	91.2%	8.8%
Babcock Training Limited	15.7%	24.3%	-7.3%	-413.8%	0.9%	7.7%	26.5%	73.5%	53.8%	46.2%	78.6%	21.4%	70.0%	30.0%
Babcock Vehicle Engineering Ltd	5.0%	21.8%	-162.4%	-725.1%	45.9%	11.1%	83.1%	16.9%	98.5%	1.5%	100.0%	0.0%	90.8%	9.2%
Cavendish Nuclear Limited	16.6%	17.2%	27.7%	0.0%	9.2%	3.6%	66.5%	33.5%	79.9%	20.1%	83.8%	16.2%	87.2%	12.8%
Devonport Royal Dockyard Limited	6.5%	7.2%	-135.8%	-150.0%	3.4%	2.4%	80.8%	19.2%	82.3%	17.7%	87.9%	12.1%	88.8%	11.2%
Rosyth Royal Dockyard Limited	2.1%	3.0%	55.8%	0.0%	5.1%	7.4%	85.1%	14.9%	83.8%	16.2%	87.4%	12.6%	87.1%	12.9%

Glossary of terms

Median gender pay gap

The difference between the hourly pay of the median (midpoint) full-pay relevant man and the hourly pay of the median full-pay relevant woman. This is expressed as a percentage of male employees' earnings.

Mean gender pay gap

The difference between the mean (average) hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees. This is expressed as a percentage of male employees' earnings.

Median bonus gap

The difference between the median bonus pay of relevant female employees and the median bonus pay of relevant male employees. This is expressed as a percentage of male employees' earnings.

Mean bonus gap

The difference between the mean bonus pay of relevant female employees and the mean bonus pay of relevant male employees. This is expressed as a percentage of male employees' earnings.

Bonus proportions

The proportions of male and female employees who were paid a bonus during the relevant bonus period.

Quartile pay bands

The proportions of male and female full-pay relevant employees in each of the four quartile pay bands; the lower, lower-middle, upper-middle and upper quartile pay bands.