

**babcock**<sup>TM</sup>

# **GENDER PAY GAP REPORT 2024**



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## Foreword

At Babcock, we are committed to fostering an inclusive workplace where everyone has an equal opportunity to thrive. We are encouraged to report that our median gender pay gap has once again narrowed, down from 6.7% to 5.9% this year. This figure stands well below the UK national average of 13.1%, reflecting our ongoing efforts towards gender parity.

While we acknowledge this progress, we recognise that a gender pay gap still exists, indicating there is more work to be done. Our analysis shows that this is not an issue of equal pay, but one of representation.

As an international defence company, our workforce has traditionally been male dominated. In 2024, women constituted 19.5% of our workforce, an increase from 18% in 2023. We continue to challenge this and are starting to see progress at senior levels. Women now represent 30% of our Senior Leadership Team, up from 23%, and 40% at Board level, up from 38%.

Improving gender inclusion remains a key focus for us. We are committed to creating an environment where women can build long-term careers at Babcock, supported by initiatives that drive progress in recruitment, development, and retention.

Achieving equal gender representation remains a long-term commitment, reflected in our focus on gender inclusion in our remuneration incentives for our most senior leaders. While we are proud of the progress we have made, we know that there is still much to do.

We are also focusing on supporting women throughout our business. To reflect this commitment, we have set a Gender Balance Target of 30% women across our workforce, which has been incorporated into the Group's Key Performance Indicators (KPIs). We are building a workplace where everyone can succeed, and we will continue to take action to close the gender pay gap.



# How the gender pay gap is calculated

## Understanding Our Gender Pay Gap Reporting

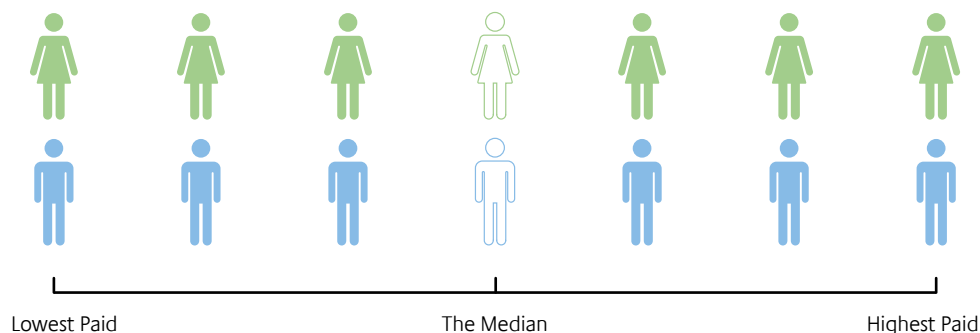
In accordance with the UK Gender Pay Gap Regulations, and as part of our commitment to tracking and improving gender balance across our business, we report on the following measures for all UK entities with 250 or more employees as of 5 April 2024:

- › 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

It is important to note that the gender pay gap is not the same as equal pay. A gender pay gap does not mean that women are paid less than men for doing the same job. Instead, it highlights the overall distribution of men and women across different roles and seniority levels. The gender pay gap reflects the fact that, on average, men in our business occupy more senior, higher-paid roles than women.

## Median Pay Gap

The median pay gap represents the difference in pay between the middle-earning man and middle-earning woman in our workforce. If all male and female employees were lined up from the highest to lowest earners, the median pay gap would compare the hourly rate of pay of the person in the middle of each line. The difference is expressed as a percentage of male employees' earnings.



## Mean Pay Gap

The mean pay gap represents the difference between the average hourly rate of pay that men receive compared to that of women in the business. To calculate it, the hourly rates of pay for men and women are added up separately and divided by the total number of men and women in the workforce, respectively. The difference is expressed as a percentage of male employees' earnings.

$$\text{Men's Pay} + \text{Women's Pay} / 7$$

## Pay Quartiles

To provide further insight into gender representation at different pay levels, we divide our workforce into four equally sized groups (quartiles) based on hourly rate of pay, from lowest to highest. We then report the percentage of men and women in each quartile, helping us understand the distribution of women and men across the pay structure.

## Bonus Gap

Our gender bonus gap measures the difference in bonus payments made to men and women over a 12-month period, from 6 April 2023 to 5 April 2024. Both the mean and median bonus gaps are calculated in the same way as the pay gap.

## Gender Identity and Reporting

As an inclusive employer, we support all colleagues, no matter their sexual orientation or gender identity. However, under current Gender Pay Gap Regulations, we are required to classify all employees as either male or female for reporting purposes. This in no way impacts our commitment to fostering an inclusive and supportive workplace for everyone. Pride in Babcock is our employee network that represents the LGBTQ+ community and supports the business to be a welcoming workplace where everyone can be themselves.

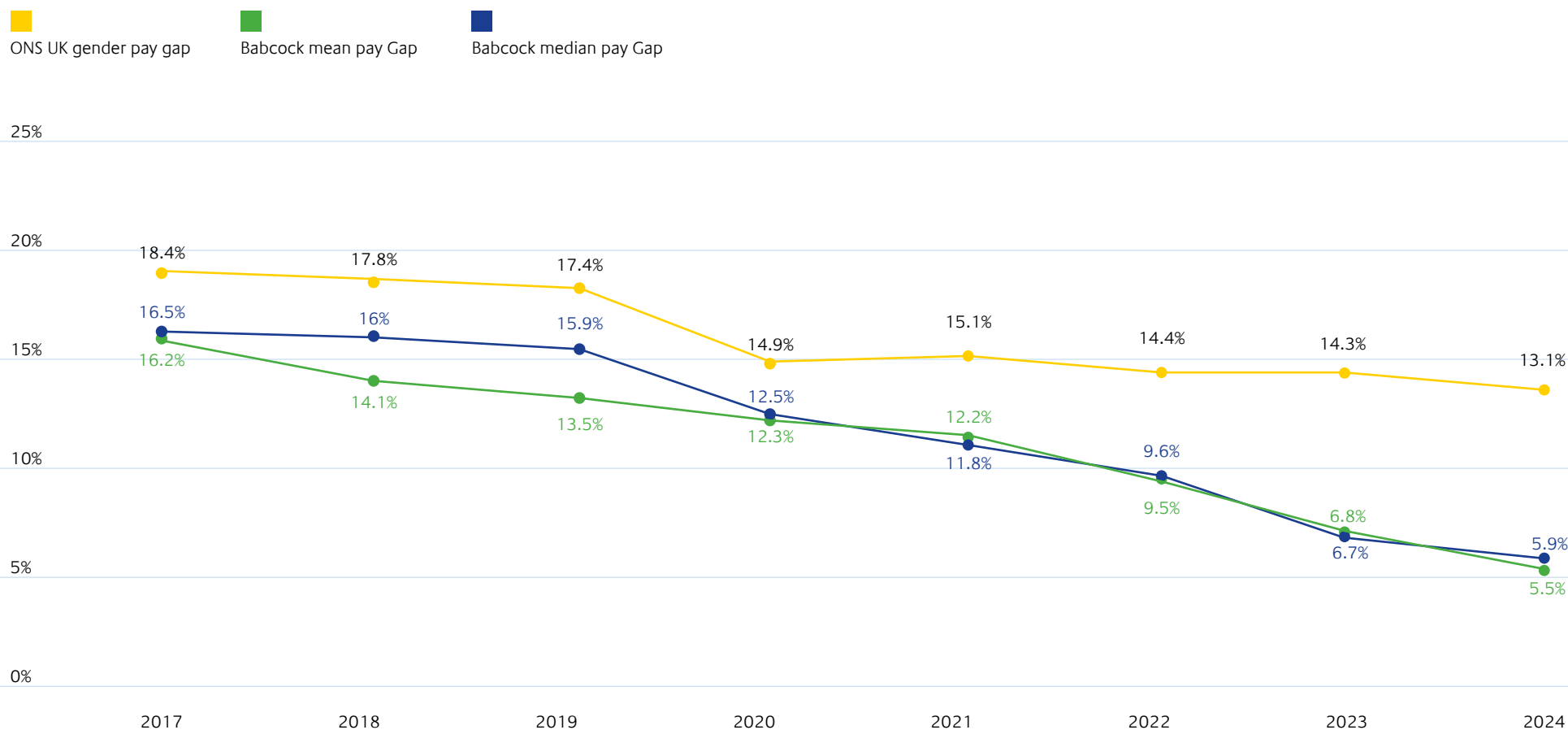


# Our gender pay gap data for April 2024

Babcock operates across 17 legal entities employing staff within the UK. The following charts display the overall gender pay gap data for the Group. A detailed breakdown for each Babcock entity with 250 or more employees can be found in the table on the final page of this report.

We are encouraged by the progress made as a result of our ongoing initiatives, with both the mean and median pay gaps continuing to narrow, as illustrated in the graph below. While this demonstrates positive momentum, we remain committed to further reducing the gap and embedding sustainable improvements across all levels of the business.

## Gender pay gap (2017 - 2024)



# Bonus pay gap analysis

Fluctuations in the bonus pay gap across our legal entities and from year to year are largely influenced by the structure and distribution of various bonus schemes and incentives across the Group, with carrying pay-out ratios year to year.

## Employees receiving a bonus

The infographics below present the proportion of men and women who received a bonus in the 12 months leading up to 5 April 2024, reported as 52.3% and 40.4% respectively.



52.3%

% of men receive bonus pay

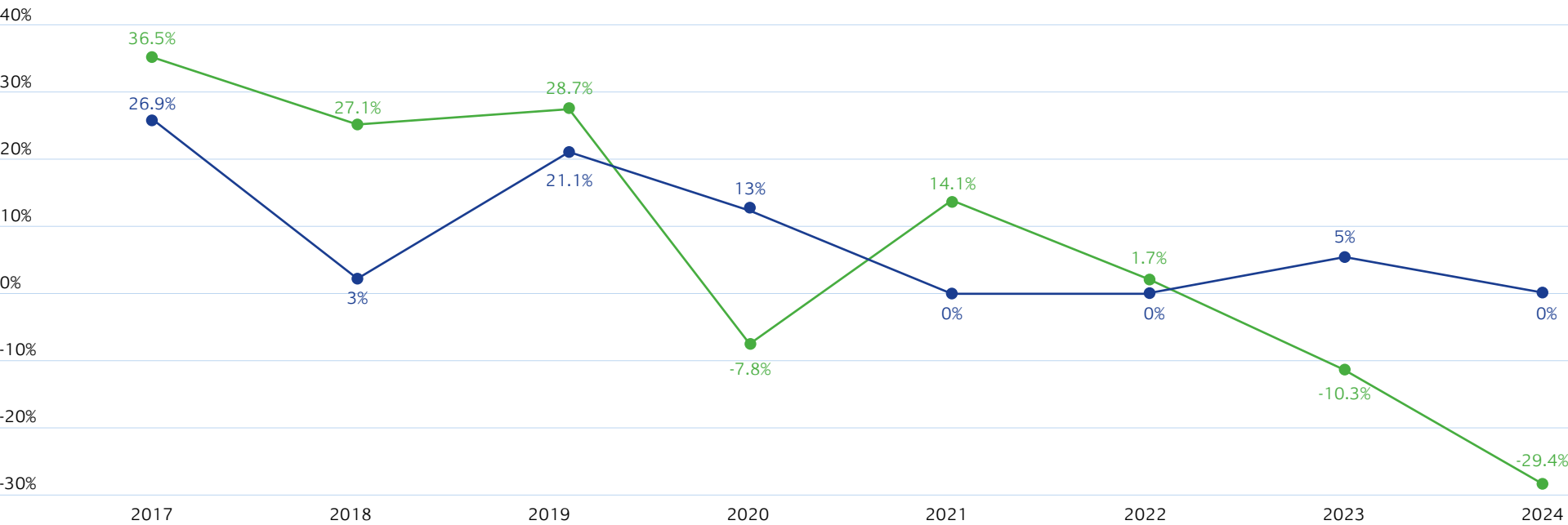


40.4%

% of women receive bonus pay

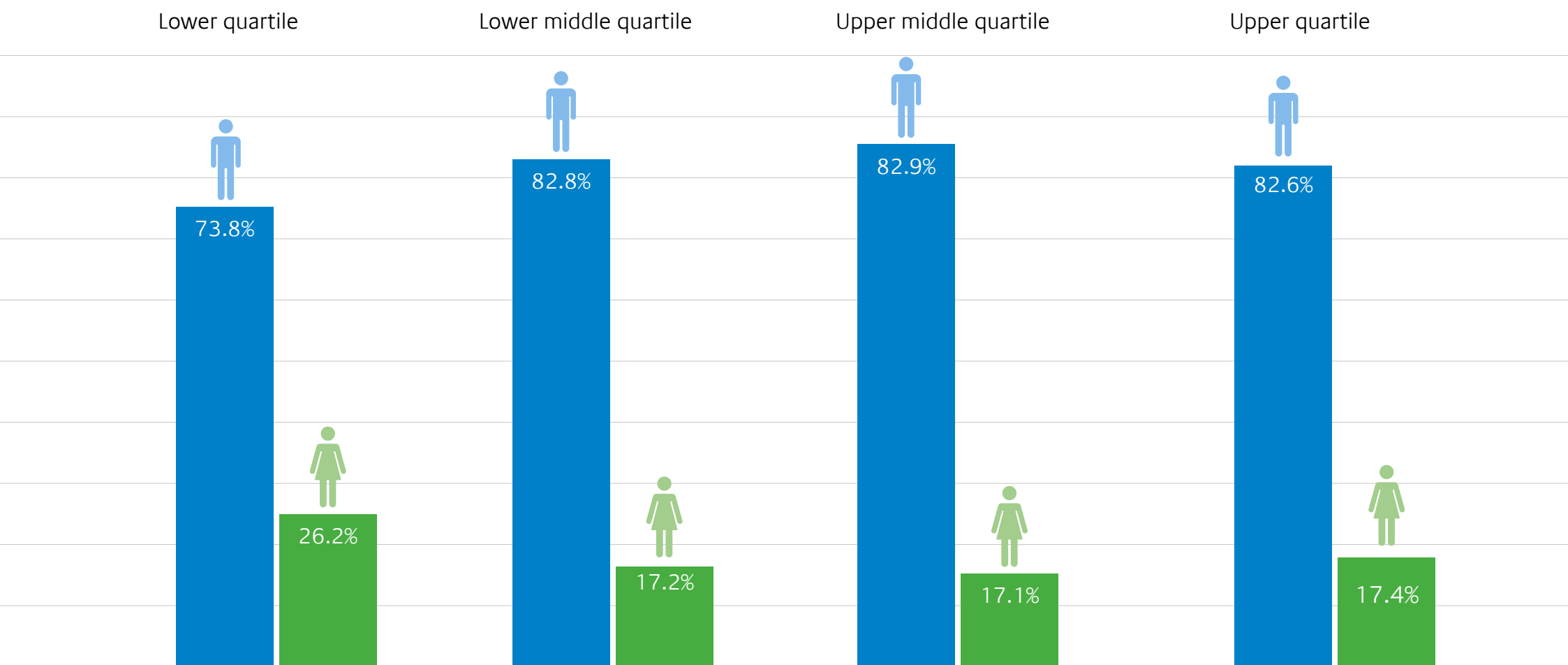
## Gender pay gap (2017 - 2024)

■ 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 rate of pay.



# Driving gender balance through data, support and industry collaboration

A data-driven approach is central to our efforts to improve gender balance and broader diversity across Babcock. By continuously monitoring progress and identifying areas for action, we ensure that our initiatives create lasting impact.

Since 2022, we have strengthened our commitment to evidence-based inclusion strategies, working closely with partners such as the Gender Balance Network and Women in Defence UK to drive meaningful change.

In FY24, we focused on fostering a more inclusive workplace and increasing female representation across the business. Key initiatives include:

- › **Mentoring and Development:** We introduced 'Mentor Match', providing structured mentoring opportunities, and launched 'Illuminate', a women's development programme designed to support career progression and professional growth.
- › **Employee Networks and Peer Support:** Our Gender Balance Network and the Female Veterans Network continues to offer platforms for advocacy, collaboration, and peer support. Additionally, we launched the Menopause Peer Support Group, providing a space for employees to connect, share experiences, and access resources.
- › **Inclusive Policies and Support for Parents:** We extended our inclusive leave policies to introduce Neo-Natal Leave, supporting parents of premature or sick babies. We also launched a pilot programme for Maternity Returners, designed to ease the transition back to work for women following maternity leave, ensuring they have the right support and flexibility during this critical period.
- › **Inclusion and Awareness:** Through initiatives like our 'People Film', we continue to highlight the diverse voices and experiences of our employees, reinforcing our commitment to an inclusive culture.

Beyond our internal programmes, we remain committed to driving gender balance across the industry. As the Critical Mass Partner for Women in Defence, we actively support initiatives that promote gender diversity. Our Chair, Dame Ruth Carnie DBE, was recognised in the New Year Honours List for her contributions to the sector, and we continue to be a Women in Defence UK Pankhurst Partner and a proud sponsor of the 2024 Critical Mass Summit, championing greater representation across defence and security.





# Building an inclusive workplace

Our guiding Principles shape the way we behave and treat each other. Building an inclusive workplace starts with listening to our people and ensuring their voices influence our approach. Insights from our Global People Survey continue to highlight the importance of open, two-way communication in fostering a culture where everyone feels included, heard and valued.

We understand that inclusion is not a one-off initiative but an ongoing commitment. That is why we are integrating it into every aspect of our business—internally, through our policies, leadership, and daily interactions, and externally, by strengthening partnerships and contributing to broader industry change.



be curious



think:outcomes



be kind



collaborate



be courageous



own & deliver

# Building a Babcock for the future

Addressing the gender pay gap requires a long-term strategy focused on nurturing a diverse talent pipeline, attracting top candidates, and empowering employees to reach their full potential. At Babcock, this encompasses a multifaceted approach that extends beyond STEM initiatives. We are committed to fostering an inclusive environment where all employees can thrive, supported by flexible working arrangements and comprehensive inclusion policies.



Key initiatives include:

- › **Agile Working Framework:** We have implemented an agile working framework that offers some employees greater autonomy over how, when, and where they perform their duties. This approach breaks away from traditional work patterns, allowing for flexible start and finish times, a blend of office and home working, or even condensed work weeks, depending on role requirements. Such flexibility supports work-life balance and promotes inclusivity.
- › **Enhanced Work Experience Programs:** By 2026, we plan to expand our work experience offerings to students in years 11 and 12 in England and S5 in Scotland, providing early exposure to STEM careers and encouraging a diverse range of students to consider these paths.
- › **Engagement with Educational Leaders:** In FY25, we will host our inaugural event for headteachers to highlight the career opportunities available at Babcock, aiming to broaden our reach across the UK and inspire future talent.
- › **Early Careers Programs and Career Events:** We offer diverse graduate programs to equip participants with essential skills and experience, while actively participating in career events nationwide to showcase our wide range of roles.
- › **Industry Collaboration:** As a signatory to the Women in Defence Charter and a Pankhurst Partner, we co-sponsored the Critical Mass Summit 2024. This collaboration underscores our commitment to improving gender balance, driving inclusion and diversity, and providing equitable opportunities for women to succeed in the defence sector.
- › **Illuminate:** Our women's development program empowers our women to achieve professional goals through innovative approaches, a supportive environment, and a skilled mentor.
- › **Inclusive Leave Policies:** Launched in 2024, this policy reflects our ongoing commitment to supporting the diverse needs of our people in the moments that matter. In addition to creating a positive and thriving working environment that is focused on wellbeing and work-life balance.

These are just some of the initiatives we offer to support and bring more women into the business. We are dedicated to addressing the gender pay gap, and fostering a culture where all employees can achieve their full potential.





## In conclusion

We're continuing to work towards equal gender representation, which starts with encouraging and enabling girls to consider STEM careers and extends through to our Gender Balance Target of 30% women across our workforce by 2030, which has been incorporated into our Key Performance Indicators (KPIs).

We believe in the value of engaging different perspectives and working with people from diverse backgrounds to enhance our working environment and drive business performance.

Being an inclusive employer makes us a better business.

It enables everyone who works for us to fully contribute, helps us attract and retain diverse talent, and strengthens our competitiveness. By choosing inclusion, we are building a foundation that supports our people, fosters innovation, and drives commercial success.

While we are proud of the progress we have made, we know there is more to do. We remain committed to tackling the gender pay gap and building a workplace where everyone, regardless of gender, can thrive and achieve their full potential.

“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 stylized, flowing script.

Louise Atkinson  
**Chief People Officer**



A black ink signature of David Lockwood, featuring a stylized, bold script.

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	7.8%	12.4%	-151.1%	20.0%	15.3%	14.4%	70.1%	29.9%	84.5%	15.5%	89.1%	10.9%	88.9%	11.1%
Babcock Corporate Services Limited	15.6%	18.0%	50.5%	54.0%	16.1%	16.1%	47.5%	52.5%	60.7%	39.3%	69.6%	30.4%	69.0%	31.0%
Babcock Integrated Technology Limited	10.1%	12.7%	-38.0%	-612.9%	26.6%	17.1%	63.7%	36.3%	78.5%	21.5%	79.8%	20.2%	85.8%	14.2%
Babcock Land Defence Limited	-1.4%	7.7%	-14.5%	0.0%	53.9%	45.0%	70.3%	29.7%	81.7%	18.3%	85.5%	14.5%	74.1%	25.9%
Babcock Rail Limited	14.1%	15.3%	-18.6%	0.0%	75.1%	60.0%	77.4%	22.6%	86.6%	13.4%	90.9%	9.1%	92.7%	7.3%
Babcock Training Limited	-1.6%	3.7%	-244.1%	0.0%	12.8%	10.8%	63.4%	36.6%	71.4%	28.6%	79.5%	20.5%	67.9%	32.1%
Babcock Vehicle Engineering Ltd	10.1%	19.8%	4.3%	-33.3%	79.2%	35.3%	81.1%	18.9%	98.1%	1.9%	100.0%	0.0%	90.4%	9.6%
Cavendish Nuclear Limited	18.9%	23.0%	2.9%	1.2%	18.6%	11.1%	65.7%	34.3%	77.1%	22.9%	84.0%	16.0%	88.0%	12.0%
Devonport Royal Dockyard Limited	5.0%	4.9%	-9.8%	0.0%	72.1%	65.4%	80.9%	19.1%	81.0%	19.0%	83.2%	16.8%	84.7%	15.3%
Rosyth Royal Dockyard Limited	2.4%	0.0%	-41.3%	0.0%	52.9%	23.2%	81.2%	18.8%	90.8%	9.2%	85.4%	14.6%	85.7%	14.3%