



Foreword

# Fairness, equality and inclusion

We welcome the introduction of gender pay gap reporting because we are building a business which is about fairness, equality and inclusion.

In the last three years the total number of women employed within Babcock has increased by 24%, compared to a 10% increase in total Group employees over that period.

We are working hard to build upon the progress we have made and are committed to continuing to take steps to ensure we are encouraging all to see Babcock as an employer that is creating real career opportunities.

The gender pay gap is not the same as having equal pay. The gender pay gap shows the difference between the average earnings of men and women across an organisation. Equal pay is about whether a woman and a man receive the same hourly pay for carrying out the same or equivalent work in the same business.

We are determined to provide a fair, equal and inclusive environment for all of our people, whether they are male or female. As well as taking action at a Group level to address the historic under-representation of women, each of our businesses is developing specific plans to help us close their gender pay gap.

## Why do we have a Pay Gap?

### We currently employ fewer women than men.

- The Engineering Sector has traditionally been, and continues to be, male dominated. Fewer women than men study STEM subjects (Science, Technology, Engineering and Maths) and, at 10%, the UK has the lowest percentage of women engineering professionals in Europe.
- Because of the kind of work we do, many of our staff used to work in the Armed Forces. Only 10% of UK Forces are women.
- When we win new contracts, the employees on those contracts often transfer over with protected terms and conditions.

### We currently have fewer women than men in senior roles

- There is little difference between men and women's pay in each quartile but we have a smaller proportion of women (13.6%) in senior positions (upper pay quartile) which attract higher salaries.
- A greater proportion of women than men get a bonus payment across the Group but senior roles, where we have a smaller proportion of women, attract higher bonuses.

## Closing the Gap

We list below some of the actions we are taking on a Group-wide basis or at a sector level to attract, retain and progress female talent at all levels of the organisation. We know that closing the gap will take time, but we are committed and focused on doing so. We are facilitating ways in which our sectors can work more closely together to learn from each other and share best practice to work towards closing the gender pay gap.

### Developing / growing our talent pipeline for the long term:

- Encouraging young women to see STEM as a future career. We have a team of employee ambassadors working closely with schools, universities and youth organisations.
- Increasing the number of women on our early career programmes (graduate and apprentice schemes). In 2017 we were a finalist for the WISE (Women in Science and Engineering) apprenticeship program awards.

### Attracting the best female talent from the UK talent pool:

- We are working closely with the Women's Engineering Society and the Institute of Marine Engineering, Science and Technology to encourage women to return to the sector after career breaks.
- We keep our recruitment processes under regular review to guard against any potential bias as far as is possible (e.g. more balanced short lists, anonymous application process, line manager training).

## Making sure all our people are able to fulfil their potential within Babcock:

- The Diversity and Inclusivity Committee, chaired by our Group OD Director, oversees our plans to create a culture of fairness and equality within our business. We have created a Dialogue programme where we are engaging with all employees aimed at creating an environment where everyone feels welcome and valued.
- We have an annual Dialogue Week where events are held in every part of the business to encourage the debate on how we can improve. As part of the week we have a Dialogue conference, attended by the Executive Board, where we debate the improvements we have made and the further steps we can take.
- The Babcock Women's Network ensures that we adopt a joined up approach across all of our sectors.
- We are working with our trade unions on developing programs for Women in the Workplace.
- We keep our flexible working and family friendly policies continuously under review to ensure they are appropriately supportive.
- We actively manage our emerging talent pipeline as well as providing internal/external mentors.
- We have a range of leadership development programmes which include a focus on inclusive leadership and unconscious bias, which seek to understand the link between behaviours, culture and individual achievement.

## Our Data for 2017

Babcock has 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 at page three.

Mean and median gender pay gap	Mean	Median
The mean gender pay gap is the difference in average hourly rates of pay that male and female employees receive.	Women's hourly rate is: <b>16.2%</b> lower than men's	Women's hourly rate is: <b>16.5%</b> lower than men's
The median gender pay gap is the difference in the midpoints of the ranges of hourly rates of pay for men and women.		
<b>The UK average is 18%</b>		

Mean and median gender bonus gap	Mean	Median
The mean gender bonus gap is the difference in average bonus pay that male and female employees receive.	Women's bonus pay is: <b>36.5%</b> lower than men's	Women's bonus pay is: <b>26.9%</b> lower than men's
The median gender bonus gap shows the difference in the midpoints of the ranges of bonus pay received by men and women. The median is generally considered to be the more meaningful figure because it is not impacted by outliers.		

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 5 <sup>th</sup> April 2017.	<b>20.9%</b> of men receive bonus pay	<b>22.2%</b> of women receive bonus pay
Within the Group, <b>21.2%</b> of the workforce received a bonus.		

## Proportion of males and females by pay quartile

This is the percentage of male and female employees in four quartile pay bands (dividing our workforce into four equal parts). Also included is the median pay gap by quartile.

Lower quartile		Lower middle quartile		Upper middle quartile		Upper quartile	
Male	Female	Male	Female	Male	Female	Male	Female
<b>68%</b>	<b>32%</b>	<b>84.5%</b>	<b>15.5%</b>	<b>85.8%</b>	<b>14.2%</b>	<b>86.4%</b>	<b>13.6%</b>
Median gap, <b>2.7%</b>		Median gap, <b>-1.4%</b>		Median gap, <b>0.9%</b>		Median gap, <b>4.5%</b>	

## A bit about Babcock

Engineering is in our DNA. We provide skilled, bespoke services, delivering engineering and operational solutions in support of our customers. We have a solid track record of operating in highly regulated environments to deliver critical civil and defence engineering work across the Marine, Land, Aviation and Nuclear sectors. We own and operate extensive equipment, facilities and infrastructure and have a high concentration of qualified technicians and professional engineers within our workforce.



**Archie Bethel**  
Group Chief Executive



**Kevin Goodman**  
Group Director of Organisation and Development

## What is the Gender Pay Gap?

From April 2018 employers with more than 250 staff have to report the following data annually:

- Gender pay gap
- Gender bonus gap
- Proportion of men and women receiving bonuses
- Proportion of men and women in each quartile of the organisation's pay structure.

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.

## Key Data for legal entities with more than 250 employees

Legal Entity	Gender Pay Gap		Bonus Pay Gap				Low quartile		Low middle quartile		Upper middle quartile		Upper quartile	
	Mean	Median	Mean	Median	% men	% women	Men	Women	Men	Women	Men	Women	Men	Women
Devonport Royal Dockyard Ltd	10.2%	10.8%	18.3%	17.7%	5.8%	6.4%	82.9%	17.1%	87.2%	12.8%	92.1%	7.9%	90.2%	9.8%
Babcock DSG Ltd	-5.0%	3.5%	35.1%	10.2%	1.1%	2.9%	75.3%	24.7%	91.5%	8.5%	88.6%	11.4%	82.1%	17.9%
Babcock Aerospace Ltd	9.0%	13.8%	-88.0%	-49.3%	11.3%	5.8%	74.5%	25.5%	88.5%	11.5%	93.6%	6.4%	90.0%	10.0%
Rosyth Royal Dockyard Ltd	6.7%	4.7%	34.3%	67.0%	8.5%	11.0%	78.9%	21.1%	91.0%	9.0%	86.4%	13.6%	90.5%	9.5%
Babcock Training Ltd	15.5%	20.1%	-6.6%	4.0%	26.6%	44.6%	23.4%	76.6%	31.9%	68.1%	54.1%	45.9%	56.7%	43.3%
Babcock Land Ltd	18.1%	22.0%	50.2%	38.6%	11.0%	5.8%	67.0%	33.0%	83.9%	16.1%	87.1%	12.9%	86.5%	13.5%
Cavendish Nuclear Ltd	21.5%	20.7%	-20.8%	42.4%	19.5%	11.6%	71.1%	28.9%	79.2%	20.8%	87.2%	12.8%	91.7%	8.3%
Babcock Rail Ltd	5.2%	7.1%	5.7%	7.8%	42.9%	10.3%	83.6%	16.4%	86.5%	13.5%	89.3%	10.7%	88.6%	11.4%
Babcock Marine (Clyde) Ltd	29.2%	31.4%	7.4%	-30.8%	12.8%	4.6%	45.2%	54.8%	81.3%	18.7%	90.9%	9.1%	92.9%	7.1%
Babcock Flagship Ltd	16.1%	16.1%	66.9%	36.1%	8.4%	7.6%	52.3%	47.7%	73.2%	26.8%	83.3%	16.7%	85.4%	14.6%
Babcock Airports Ltd	8.4%	2.5%	6.4%	-3.4%	1.2%	3.6%	90.9%	9.1%	94.4%	5.6%	90.8%	9.2%	95.9%	4.1%
Babcock Integrated Technology Ltd	15.3%	15.1%	33.5%	0.0%	81.3%	75.9%	70.9%	29.1%	82.6%	17.4%	87.2%	12.8%	87.2%	12.8%
Babcock Critical Services Ltd	20.3%	28.5%	35.5%	68.7%	36.5%	13.6%	68.4%	31.6%	94.8%	5.2%	94.3%	5.7%	91.9%	8.1%
Babcock Networks Ltd	19.8%	28.6%	-1594.8%	50.0%	5.4%	9.4%	81.6%	18.4%	92.8%	7.2%	96.1%	3.9%	94.7%	5.3%
Babcock Mission Critical Services Offshore Ltd	45.7%	57.5%	14.7%	56.6%	106.4%	98.7%	63.2%	36.8%	78.6%	21.4%	95.7%	4.3%	98.3%	1.7%
Babcock Vehicle Engineering Ltd	19.9%	25.8%	65.0%	56.8%	1.5%	5.9%	88.8%	11.2%	95.5%	4.5%	98.9%	1.1%	97.7%	2.3%
Babcock Design & Technology Ltd	18.8%	22.0%	71.3%	63.9%	21.8%	14.6%	81.9%	18.1%	82.9%	17.1%	88.0%	12.0%	97.6%	2.4%
Babcock Corporate Services Ltd	10.6%	19.3%	69.0%	50.0%	20.5%	25.0%	56.4%	43.6%	73.1%	26.9%	75.6%	24.4%	76.6%	23.4%
Frazer-Nash Consultancy Limited	31.4%	32.5%	52.5%	40.7%	94.3%	98.2%	63.8%	36.2%	84.5%	15.5%	93.1%	6.9%	93.6%	6.4%