

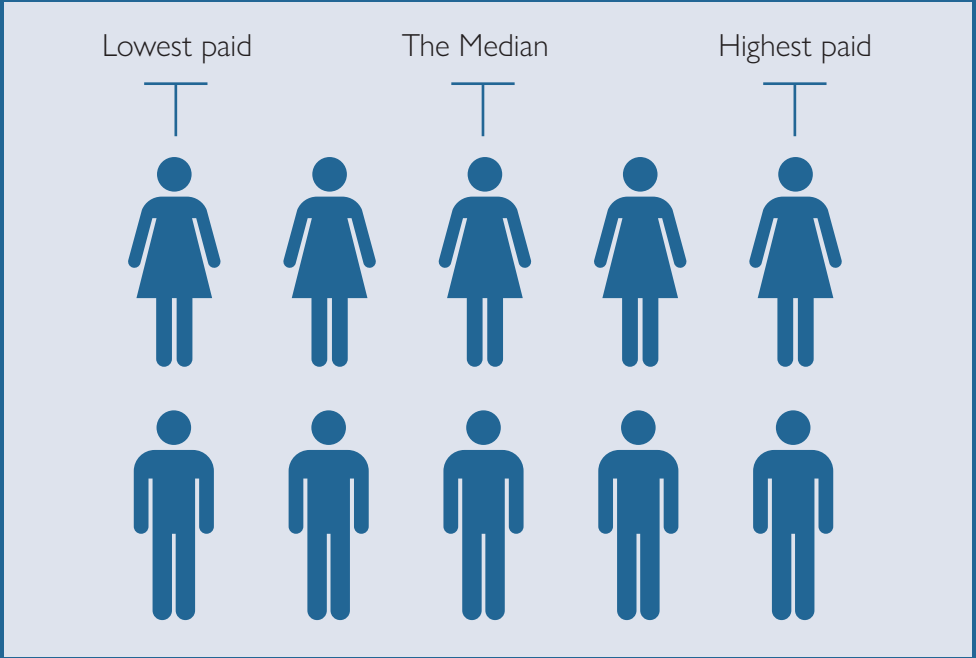


# CHEMRING ENERGETICS UK LTD 2022 GENDER PAY GAP REPORT

Gender pay reporting legislation requires employers with 250 or more employees to publish statutory calculations every year showing the pay gap is between their male and female employees. This involves carrying out six calculations that show the difference between the average earnings of men and women in our organisation.

We can use these results to assess:

- the balance of male and female employees at different levels
- how effectively talent is being maximised and rewarded across the organisation as a whole



# GENDER PAY GAP AND EQUAL PAY

Gender pay reporting is different to equal pay. Therefore, it is entirely feasible to have a gender pay gap and to pay men and women fairly. Equal pay examines the difference in male and female pay for the same or similar work. The gender pay gap is determined by taking all colleagues across an organisation and comparing the average pay between men and

women. In contrast to equal pay, the gender pay gap is more a reflection of the workforce profile rather than an issue of unequal rewards for men and women doing the same job. We are confident that Chemring Energetic UK Ltd's (CEUK) gender pay gap is not a pay issue as our approach to recruitment and pay is gender neutral. We adhere to the Fair Work principles set out by the Scottish Government whilst continuing to evaluate our approach to talent attraction, using role specific selection criteria to ensure both objectivity and inclusivity. In addition, all vacancies are advertised with clear salary bandings, we also remunerate above the 'real' Living Wage and benchmark all roles externally via Cendex to ensure our pay and rewards compensation are competitive and impartial.

## Unequal pay

Paying men and women differently for the same job



Illegal in the UK



## Gender Pay Gap

Looking at the sectors women tend to enter and the levels of seniority they progress to



We want to close this in a generation

**#GenderPayGap**



# GENDER PAY GAP

	Median	Mean
Gender pay gap	22.58%	22.19%

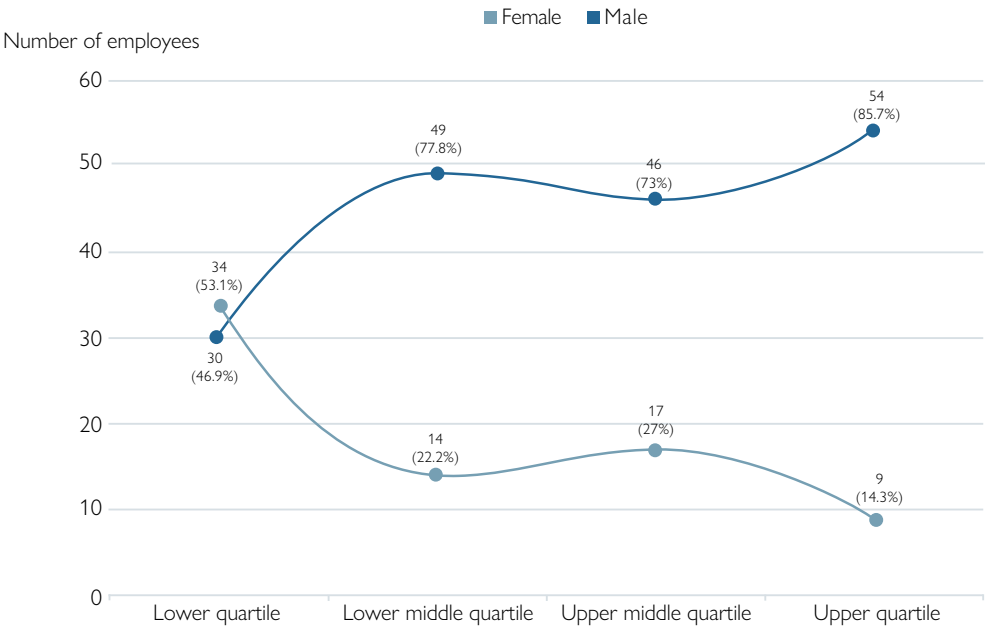
This table shows our overall mean and median gender pay gap based on rates of pay as at the snapshot date (i.e., 5th April 2022.)

On comparison with our last three reports the gender pay gap has continued to improve with the mean further reducing from **24%** to **22.19%** and median from **23.6%** to **22.58%** - these are the lowest figures we have attained since reporting began 6 years ago. Our analysis shows that our pay gap is driven by the gender split of our workforce, which is made up of **70%** men and **30%** women. This gender imbalance reflects our long history of operating in a male dominated sector, as traditionally, heavy manufacturing and engineering have been male dominated areas. This coupled with the fact that we have a long serving workforce means that the gender split has remained static, and we have a significantly higher number of males in our total headcount. Moreover, many of these staff members are at senior levels within the business which compounds matters further.

To that end, this year, we went behind the headline figures and examined our senior leadership profile. The site leadership has a gender ratio of 6:1 weighted towards men. When the males in this category are removed from the dataset the mean gap reduces by just under 5 percentage points to **17.42%**. In this scenario, the mean figure is informative as it captures the effect of a small number of high earners. This is of particular interest to us given that females responsibilities outside the workplace have traditionally limited their entry into senior-level, higher-paid positions.

Furthermore, females continue to be underrepresented in our sector, with the latest figures showing that only 16.5% of those working in engineering in the UK are female. Feedback from our onsite women's network group has highlighted that with so few women in this industry, in many cases, female employees and candidates themselves, do not feel encouraged to reach their maximum potential due to a lack of career opportunities and/or role models. CEUK recognises that we will need to make a concerted effort to address these trends going forwards including implementing female mentoring programmes, if we are to bring about a significant gender shift within our organisation.

# PROPORTION OF MALES & FEMALES IN EACH PAY QUARTILE



The above graph shows the data broken down into 4 equally sized groups ranging from the lowest to the highest paid employees. This graph shows the difference in the actual numbers of employees within the separate pay quartiles.

Overall, women currently represent 30% of CEUK’s employee base and this data is directly related to the profile of our workforce, particularly in the top quartiles, which highlights CEUK has more males in senior higher paying roles than females. In comparison to last year’s report, our study shows that 3 out of the 4 quartiles have remained somewhat static. Unfortunately, the Upper Middle quartile female percentage rate, despite having increased by 2% previously, has now reduced by 4% in this reporting period. Upon assessment, this decrease can be directly attributed to the female retention rate within this segment. That said, we trust that our ongoing activities, highlighted at the end of the report, to drive diverse candidate attraction in senior roles through the business will see the upper quartile percentages increase in future reporting.

# GENDER BONUS PAY GAP

	Median	Mean
Bonus Gender pay gap	0%	70.73%

This table captures the mean and median difference between bonuses paid to men and women at CEUK.

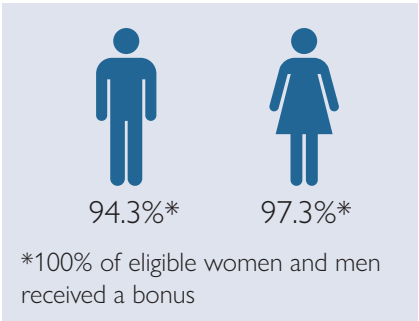
Our CEUK bonus scheme is gender neutral, and the bonus gap figure includes payments such as one off and performance related bonuses as well as recognition and long service awards. The composition of our workforce impacts our mean bonus gap in the same way it does our gender pay gap. Additionally, there are a number of other factors which also account for this difference. In the reporting period we awarded every eligible employee a one-off fixed bonus via vouchers. Holiday pay bonuses that are payable to employees who TUPE transferred over to CEUK 18 years ago are also included. **88%** of the employees who were eligible to receive this bonus in the reporting period were male. Moreover, all our workforce is eligible to receive a long service bonus in which the scheme recognises long service milestones on a 5-year basis commencing on achievement of 10-year service, **69%** of the employees who received this bonus in 2021 were male and **31%** female.

Given that two of the above bonus payments were linked to long service, more males received these payments given that the sector in which we operate has traditionally been male dominated, hence this figure is a direct reflection of our overall gender imbalance. Finally, **2.7%** of our workforce received a payment under a bonus scheme which is performance related: **14%** of the recipients were female and the remaining **86%** were male.

As before, the site leadership profile has a gender ratio of 6:1 weighted towards men. As with the mean gender pay gap, the bonus gap highlights the effect a small number of high earners can have on the statistics and the direct link to the profile of our workforce, specifically, males in senior/ higher paid roles within CEUK.

# PERCENTAGE OF STAFF AWARDED A BONUS

The figure right shows a **3%** difference between the number of women and men being paid a bonus in 2021. Not all employees were eligible for a bonus in this reporting year, namely, all new joiners who did not meet the eligibility criteria.



# WHAT ARE WE DOING HERE AT CEUK TO ADDRESS OUR GENDER PAY GAP?

We are confident that the gender pay gap will continue to reduce over time and are committed to increasing our efforts to narrow our gender pay gap further. Additionally, reporting annually allows us to both address the reasons behind the gap and establish meaningful targets.

CEUK is always striving to attract the finest talent from all genders and aims to address its gender imbalance by following the following strategies, namely:

- **Partnering** with Ayrshire College to educate colleagues at all levels in the business through diversity workshops to support the development of a robust DE&I agenda, raise awareness of where challenges such as bias may be impacting on progress around key topics and support initiatives which further this.
- **Continuing** to build upon our CEUK's Leading our People programme for staff with line management responsibility. This programme includes unconscious bias training, to ensure that we address any stereotypes, negative or positive, that exist in the subconscious and may be adversely affecting behaviour during the recruitment, development, promotion, and succession planning process.
- **Identifying** high potential female employees and support them to succeed and grow into more senior positions via inhouse talent development programme like Aspire - which is designed to develop leadership skills against career aspirations and get individuals ready to progress in the organisation. This is intrinsically linked to the Chemring Group target of increasing the proportion of women in all senior management positions across the business to 33% by 2027.
- **Attainment** of 'real' Living Wage accreditation in 2022.
- **Promoting** our existing family friendly policies such as: flexible working, hybrid working, shared parental, maternity, adoption, and paternity pay (all of which are enhanced) in order to encourage and support women to return to work after career breaks.
- **Developing** internal level progression framework to facilitate ongoing conversations for career development, advancement, and professional aspirations.



- **Establishment** of the Chemring Early Careers Programme to support our graduates, trainees and apprentices to build the foundational early career and professional skills needed in the workplace including promoting a genuinely inclusive environment for all our employees.
- **Participating** in more community and school initiatives which are aimed at encouraging females to pursue careers in the STEM sector via our in-house team of CEUK STEM Ambassadors. For example, working with Primary Engineer to bring our engineers into classrooms in the local Ayrshire community, inspiring children, pupils, students and teachers through continued professional development, whole-class project work, competitions and exhibitions.
- **Creation** of CEUK Women's Inclusivity Network Group to provide the opportunity for colleagues to work collaboratively to provide support to female colleagues; helping to support our goal of a more gender diverse population at CEUK.
- **Joining** the 'Creating a Diverse Workplace' training programme, funded through the Scottish Government NTTf programme which supports CEUK's aim of increasing diversity in our workplace by assisting with the creation of a holistic DE&I strategy that will have a whole organisation approach to equality in STEM.
- **Partnering** with our recruitment associates to compile shortlists of candidates that are gender balanced and diverse.
- **Progressing** our relationship with Scottish Engineering and Equate Scotland by getting involved in employer led projects such as mentoring, which promote the importance of females in the engineering and manufacturing sector.

## Declaration

I confirm that our data has been calculated according to the requirements of the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.



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