

QINETIQ

Gender Pay Gap Report 2021

QinetiQ Ltd



As part of the Government's commitment to tackle workplace discrimination, all UK companies with 250 or more employees are required to disclose their gender pay gap.

Annually, companies must report on their gender pay gap. This comprises of four different measures: the mean and median gender pay gap in hourly pay; the mean and median bonus gender pay gap; the proportion of men and women who receive a bonus; and the distribution of men and women across pay quartiles.

The gender pay gap is different to equal pay. Equal pay is when men and women at the same level in a company are paid the same for doing the same work. In comparison, the gender pay gap is a measure of the difference between the mean and median hourly earnings of women and men, so compares the hourly earnings across a range of roles and levels.

We are committed to equal pay
and to closing the gender pay gap.



Message from our Chief Executive Officer

At QinetiQ, we are creating a unique working environment where teams from different backgrounds, disciplines, and experience enjoy collaborating widely and openly as we strive to deliver for our customers.

Through effective teamwork and pulling together, we experience what happens when we share different perspectives, blend disciplines, and link technologies; constantly discovering new ways of solving complex problems. This way of working, which is captured in our Diversity & Inclusion (D&I) Programme 'Inclusion 2025', is essential for our business performance, because we cannot operate at the level we need to if we aren't inclusive.

I am pleased to be able to share our Gender Pay Gap report for 2021. It shows that we are making year-on-year improvements and have narrowed our gender pay gap in 2021 to 12.6% compared to 13.9% in 2020.

The gap continues to be primarily driven by the proportion of men who have senior roles, and we are working to address the balance, through a range of actions from our approach to our senior talent pipeline (both recruitment and succession) to wider training and awareness. We have also introduced a target to increase gender balance in our workforce to 30% women by 2030. While we recognise that improving our pay gap will not happen overnight, we are committed to making progress; not because we have to report on it, but because we believe it is the right thing to do for our people and it is fundamental to creating an innovative, sustainable and high performance culture.

I look forward to working with colleagues as we strive to deliver a more inclusive company. It's part of our plan to create a diverse and inclusive QinetiQ; where our differences are not only embraced, but make us stronger.



Steve Wadey

The QinetiQ gender pay gap

Our gender pay gap¹ is as follows:



Gender pay gap across all QinetiQ employees in the UK:

Mean

12.6%

Median

15.7%



The bonus gender pay gap in QinetiQ is:

Mean

29.6%

Median

0.0%



Proportion of UK employees in receipt of a bonus payment:

Men

86.8%

Women

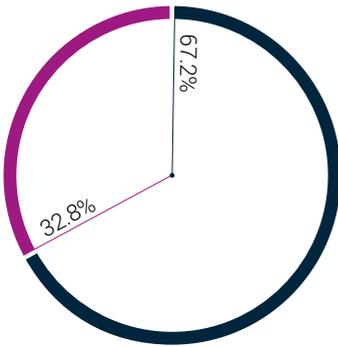
86.3%

¹ calculated as required by the legislation. See Appendix for an explanation of the terms

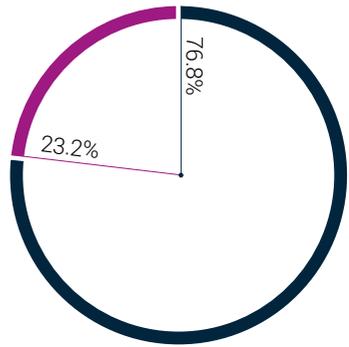
The quartile pay distribution in QinetiQ is:

Quartile pay distribution is the proportion of men and women in each 25.0% (quartile) of our pay structure.

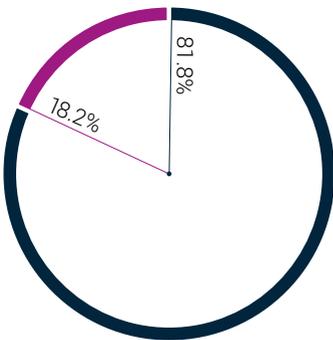
Lower quartile



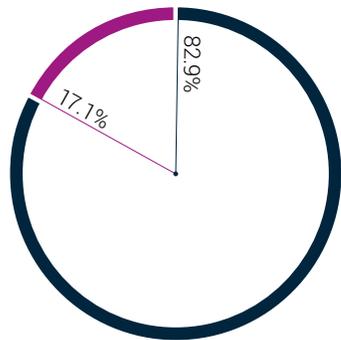
Lower middle quartile



Upper middle quartile



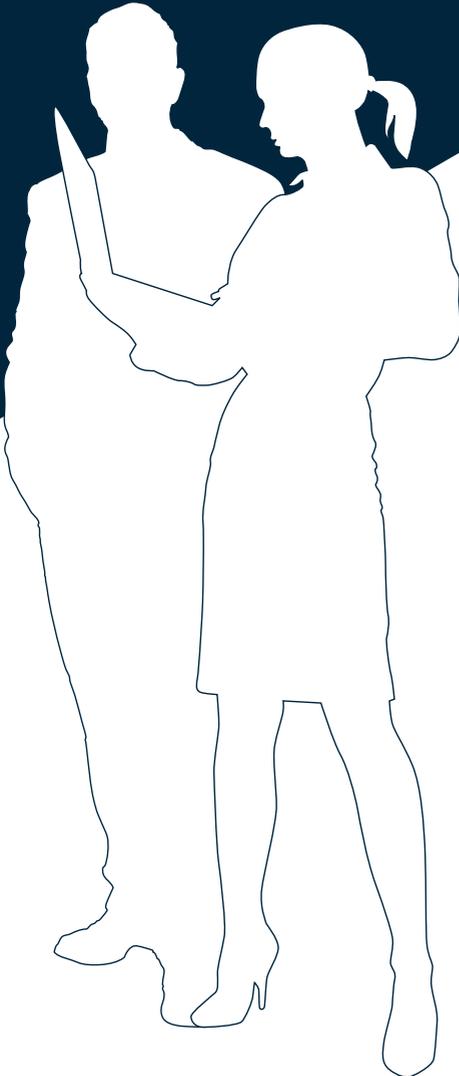
Upper quartile



- Male
- Female

Why do we have a gender pay gap?

We employ significantly more men than we do women. This is not uncommon in companies which employ a large proportion of people with expertise in science, technology, engineering and maths (STEM), where there is a historical gender bias.



In 2021, women accounted for

22.8%

of our QinetiQ Ltd workforce

1083

out of a total of 4740; and

19.7%

of senior management roles

47

women out of 239 senior management roles

When we look at the salaries we pay our men and our women, the difference in mean and median pay is due primarily to this employee profile, with more men being in senior, higher paid roles.

Data from the Office of National Statistics² indicates that the gap in mean pay between men and women is 15.4% in April 2021; our mean for 2020 has decreased from 13.9% to 12.6%, which is lower than the national average.

The reduction in our mean pay gap is as a result of a number of interventions where proportionally more female employees have increased their pay in 2021, compared to their male counterparts³. One key example of this has been the higher proportion of female employees continuing to go through our Pay & Progression process which was introduced last year recognising and rewarding in-role promotions. We have also continued to focus on the recruitment of female employees at higher grades, for example, the recruitment of our Chief Financial Officer who will be accounted for in our 2022 report.

Our bonus gender pay gap has increased (from 26.4% to 29.6%) as a result of our All Employee Incentive Scheme (AEIS) award paying out at a lower level (from £1,000 to £740). The cycling of our executive incentive scheme (in the third of the four year scheme) also continues to impact our results with the gap expected to grow again next year due to the deferral of part of the award as detailed in the scheme rules. As the majority of employees receive the AEIS at the same level, the median gender pay gap continues to remain closed (-2.4% to 0.0%).

As with last year, the proportion of UK employees in receipt of a bonus continues to be high as a result of the AEIS, with a similar proportion of employees receiving the bonus. The rules of the scheme dictate that employees who started after 1 January of the scheme year are not eligible for the award, with a similar number of male and female employees being ineligible in this report window.

² <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2021> cited April 2022

³ The gap has also been impacted by an adjustment in hourly pay taking into account salary sacrifice which had previously been under-calculated

What actions are we taking to reduce the gender pay gap?

The actions we are taking to reduce our gender pay gap form part of a wider programme called Inclusion 2025 where we have a number of interventions in place:

Encouraging more women into technical and engineering roles

- Actively supporting campaigns such as International Women in Engineering Day
- Targeting activities through our 'girls in STEM' working group throughout the year; approximately 38% of our STEM ambassadors are female and are key role models
- Sponsoring the Women in Defence Innovation & Creativity Award
- Founding member of The 5% Club which has campaigned on diversity

Improving recruitment

- Providing unconscious bias training for our interviewers
- Gathering data to better understand diversity in the market and potential pipeline
- Considering all new roles as potentially 'part-time' as the default approach
- Actively targeting applications from diverse groups
- Pilot STEM returners programme

Improving training and awareness

- Providing mandatory training for all employees on diversity and inclusion
- Embedding diversity and inclusion into our manager and leadership training
- Strengthening and expanding our D&I resource hub on our intranet
- Growing our employee networks including 'Gender Balance' network
- Delivering our mentoring and coaching strategy including our reverse mentoring programme

Focusing on our senior talent pipeline

- Widening our programme around talent and succession for senior leaders
- Tracking our male/female pipeline

- Putting in place a new target to improve gender balance across our Group workforce to 30% women by 2030
- Mandating diverse shortlists for search

Improving reward and recognition

- Continuing the AEIS, providing all employees with an equal opportunity to receive a bonus of a fixed value
- Continuing our Pay & Progression process which is used for grade promotions and in-role progression

Participating in benchmarking and collaboration

- Using specialist benchmarking tools
- Actively participating in expert networks to share best practice within our industry and other sectors
- Actively contributing to the Royal Academy of Engineering D&I programme

Flexible working

Our “adaptive working” approach is built around delivering a high performance inclusive culture. We are further developing our flexible ways of working and family friendly policy.

D&I strategy

The initiatives described form part of our wider Inclusion 2025 strategy, supported by our D&I Steering Group. We discuss strategy and plans with our Board regularly. We have a clear roadmap and desire to improve diversity and inclusion, enhancing business performance and creating a stronger company.

We recognise that some positive activities, such as attracting more women onto our graduate and apprentices programmes, will increase the proportion of women on lower salaries at the start of their careers.

This may have a negative impact on our gender pay gap in the short-term. However, this is clearly the right thing to do. We have seen an increase in the percentage of women joining our early careers programme during the last three years and are keen to progress this further.

Closing the gap will take some time and, due to in-year changes within our business, we are likely to see fluctuations in our numbers year on year. **We are committed not just to the transparency of reporting, but to closing the gap in a sustainable way.**



Appendix

Methodology

The methodology used is from the guidance provided by the Government Equalities Office: The gender pay gap data you must gather⁴.

Scope

The snapshot date for the pay data is 5 April 2021 and relevant bonus period is 6 April 2020 to 5 April 2021. Our report applies to QinetiQ Ltd and does not include some of our UK subsidiaries, which individually have fewer than 250 employees so are exempt from reporting. Figures account for employees who are full-time and part-time (on a full-time equivalent basis), not contractors.

Definitions

- The **mean gender pay gap** is the difference between the mean (average) hourly pay rate for all men in our organisation, and the mean hourly pay rate for all women, expressed as a percentage of the mean hourly rate for men.
- The **median gender pay gap** is the difference between the median (middle) value of hourly pay rates (when ordered from lowest to highest) for all men in our organisation, and the median value of hourly pay rates for all women, expressed as a percentage of the median hourly rate for men.
- The **bonus gender pay gap** is the difference between the mean (average) value of bonuses for all men in our organisation and the mean value of bonuses for all women, expressed as a percentage of the mean bonus for men.
- **Quartile pay distribution** is the proportion of men and women in each 25% (quartile) of our pay structure, calculated by taking all the hourly pay rates, from lowest to highest, for all men and women and dividing them into four equal sections of 25%: lower, lower middle, upper middle and upper.

⁴ The gender pay gap data you must gather – GOV.UK (www.gov.uk) (Last updated 1 November 2021), cited April 2022

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