

QINETIQ

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# Gender Pay Gap Report 2019

QinetiQ Ltd

**QinetiQ**

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**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 in a company are paid the same for doing the same work, at the same level. 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

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**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) strategy and programme 'Inclusion 2025', is essential for our business performance, because we cannot operate at the level we need to if we aren't inclusive.

We welcome the Government initiative on gender pay gap reporting and I am pleased to be able to share our Gender Pay Gap report for 2019. This is our third report, which shows a slight improvement on last year; our gender pay gap for 2019 is 14.8% compared to 16.6% in 2018.

The gap continues to be primarily driven by the proportion of men who have senior roles, and we are working to address the balance. For instance, in 2019, we were proud to sign the 'Women in Defence Charter', which was launched to improve gender balance in the defence sector and to encourage organisations to drive inclusion and diversity, providing fair opportunities for women to succeed at all levels.

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 gap<sup>1</sup> is as follows:



### Gender pay gap across all QinetiQ employees in the UK:

Mean

14.8%

Median

18.5%



### The bonus gender pay gap in QinetiQ is:

Mean

38.8%

Median

20.1%



### Proportion of UK employees in receipt of a bonus payment:

Men

40.3%

Women

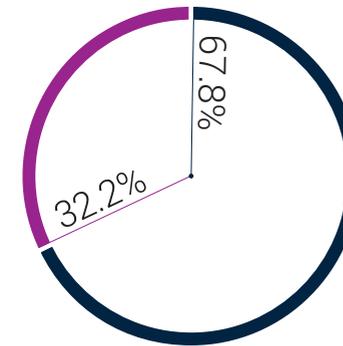
39.7%

### The quartile pay distribution in QinetiQ is:

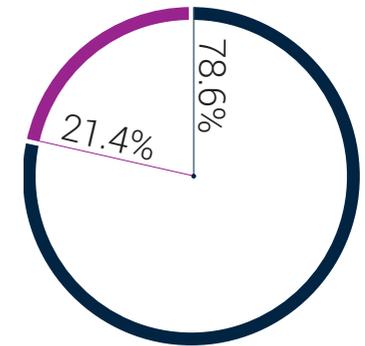
Quartile pay distribution is the proportion of men and women in each 25.0% (quartile) of our pay structure.

### Proportion of UK employees in receipt of a bonus payment:

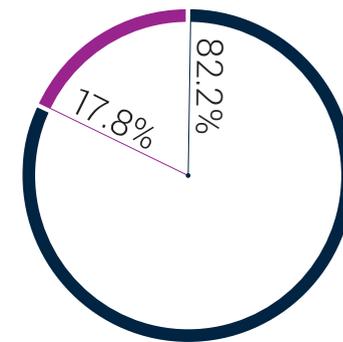
Lower quartile



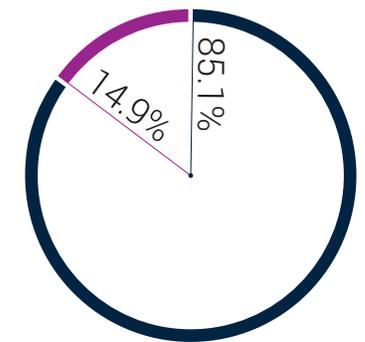
Lower middle quartile



Upper middle quartile



Upper quartile

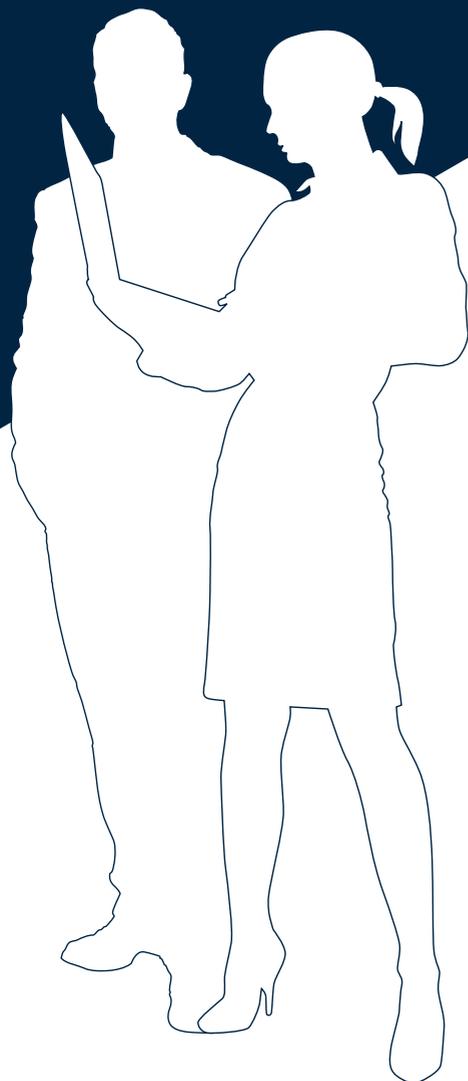


- Male
- Female

<sup>1</sup> calculated as required by the legislation. See Appendix for an explanation of the terms

## 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 2019, women accounted for**

**21.6%**

of our QinetiQ Ltd workforce

**954**

out of a total of 4,422; and

**18.4%**

of senior management roles

**42**

women out of 228 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 Statistics<sup>2</sup> indicates that the gap in mean pay between men and women is 17.3% at 31 March 2019; our mean for 2019 has decreased from 16.6% to 14.8%, which is lower than the national average.

We are pleased to report this modest reduction in our mean gender pay gap which is as a result of proportionally more female employees joining QinetiQ, with many into senior roles (from 15.9% to 18.4%). The figure has also been unintentionally influenced by restructuring.

With respect to the bonus calculations, we have seen an increase in the mean bonus gender pay gap (from 30.7% to 38.8%) due to the cycling of our executive incentive scheme and the award of sign-on bonuses for new starters within the senior leadership team. The decrease in our median bonus gender pay gap (from 21.0% to 20.1%) and increase in proportion of male and female employees in receipt of a bonus payment (from 34.4% and 35.6% to 40.3% and 39.7% respectively) is as a result of the introduction of our new recognition scheme ThankQ which is open to all employees.

A positive change in the upper quartile distribution (from 13.0% to 14.9%) shows the impact of the increase in senior female roles. Correspondingly, proportionally more male employees left QinetiQ over the financial year up to March 2019 as a result of restructuring, which is reflected in the changes in the lower and lower middle quartile distributions (from 31.4% and 20.5% to 32.2% and 21.4% respectively).

<sup>2</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2019>, cited January 2020. Note: This is calculated on a slightly different basis from the gender pay gap analysis, as it is the average hourly pay of women compared to men in the Annual Survey of Earnings and Hours

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

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The actions we are taking to reduce our gender pay gap form part of a wider D&I programme 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 (we are corporate sponsors), and the Wise Ten Steps and the Year of Engineering
- Targeting activities through our 'girls in STEM' working group throughout the year; 31% of our STEM ambassadors are female and are key role models
- Sponsoring the Women in Defence Innovation 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

### Improving training and awareness

- Providing mandatory training for all employees on unconscious bias
- Embedding diversity and inclusion into our manager and leadership training
- Creating a new D&I resource hub on our intranet
- Building our employee networks including a new 'Gender Balance' network
- Delivering a new mentoring and coaching strategy

### Focusing on our senior talent pipeline

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

### Improving reward and recognition

- Continuing our All Employee Incentive Scheme, providing all employees with an equal opportunity to receive a bonus of a fixed value

### 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 Culture programme - Inclusive team working

Our action plan has been focusing on these interventions and we are currently looking at our approach to flexible working.

### D&I strategy

The initiatives described above form part of our wider Inclusion 2025 strategy; supported by our D&I Steering Group, which is chaired by our Group HR Director. 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.

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

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### Methodology

The methodology used is from ACAS; Managing Gender Pay Reporting February 2019.

### Scope

The snapshot date for the pay data is 5 April 2019 and relevant bonus period is 6 April 2018 to 5 April 2019. 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.