



QINETIQ

UK Gender Pay Gap Report

2023

About this report

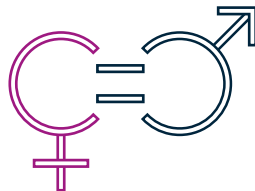
As part of the Government's commitment to tackle workplace discrimination, all UK companies with 250 or more employees are required to disclose their gender pay gap information each year.

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 average earnings of men and women. In our report we provide data on both the mean and median difference in pay.

Gender pay gaps can be caused by a variety of factors. Typically, the most significant cause is the distribution of men and women at different seniority levels and pay grades in an organisation. The smaller the proportion of women in senior, higher paid roles, the larger the pay gap is likely to be.

We are committed to equal pay and to closing the gender pay gap. In addition, as part of our annual performance management and pay review process, we ensure that our people are being paid fairly based on their role, responsibilities, experience and performance regardless of their gender.



Message from Steve Wadey, Group Chief Executive Officer



Our commitment

Everything we do is about delivering on our purpose; protecting lives by serving the national security interests of our customers. It connects everyone who works for QinetiQ around the world together, giving us all focus, direction and a unique sense of pride.

We understand that our greatest asset lies in the diverse talents of our people and we're committed to nurturing an inclusive and equitable culture where everyone has the opportunity to reach their full potential.

In our pursuit of excellence, it's imperative that we build a workplace that champions diversity, equity and inclusion. We recognise the importance of achieving gender balance and ensuring that all women within our company are not just supported, but empowered and able to excel.

There is a clear benefit for us all in sharing the collective experiences and thinking from people with varied backgrounds and at different stages in their career. It unlocks the power of collaboration, innovation and problem-solving. Embracing our differences isn't just the right thing to do, it's essential for helping our customers gain operational advantage, driving business performance and staying at the forefront of our industry.

Through our ongoing efforts in Diversity, Equity & Inclusion programmes, we aim to cultivate a workplace where everyone feels welcomed, respected and valued. This inclusive ethos not only enriches our company culture but also attracts and retains the top talent we need to continually exceed the expectations of our customers and drive our company's growth.

I am committed to continuing to celebrate our differences and leveraging our collective strengths to forge ahead as a truly inclusive and successful company.

A handwritten signature of Steve Wadey in black ink. The signature is stylized and cursive, with the first name 'Steve' and last name 'Wadey' clearly visible.

Steve Wadey

QinetiQ's headline data

The gender pay gap across all QinetiQ employees in the UK



The bonus gender pay gap in QinetiQ employees in the UK



Proportion of UK employees in receipt of a bonus payment



Overall gender split of our UK workforce



Message from Amanda Nelson, Chief People Officer



We're creating a diverse and inclusive company, where our differences are not only embraced but make us stronger.

Our Diversity, Equity & Inclusion strategy concentrates on a number of focus areas that will ensure our workplace is one where our people can be their most authentic selves, feel inspired to

deliver for our customers and can achieve their full potential. How we support women in our company is just one of the areas where we are focusing our efforts.

The Gender Pay Gap Report is one of the ways that help us to understand the current situation and inform our future plans.

Our overall gap continues to be primarily driven by the proportion of men in senior or high paid roles and it is an area we are working hard to change, recognising it will take time to address. We continue to focus on taking action towards our gender balance ambition of 30% female employees by 2030.

For many in the UK, the last few years have been financially challenging with high levels of inflation and continued cost of living pressures. As a company, we took the decision to support our employees in lower job grades through this difficult period, investing in their base salary with fixed salary increases and creating a minimum salary level in line with the Real Living Wage. These interventions have had a positive impact on our Gender Pay Gap as a larger proportion of our female colleagues are employed in these lower graded roles.

Moving forward, we continue to address gender balance through a range of actions including our approach to our senior talent pipeline (both recruitment and succession), learning and development, increasing awareness through our 'Gender Balance' and 'Hormonal Imbalance' employee network groups and ensuring gender balance is embedded in our day to day ways of working.

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 is fundamental to creating an innovative, sustainable and high performance culture.

Amanda Nelson

Our UK results

The results for our UK legal entities with more than 250 employees are shown individually below, alongside a summary of our overall UK results which encompasses all employees in our UK legal entities including those with under 250 employees.

2023 results

	Gender Composition			Gender Pay Gap		Bonus Pay Gap		% of proportion receiving bonus		Lower Quartile		Lower Middle Quartile		Upper Middle Quartile		Upper Quartile		Overall	
	Male	Female	Total	Mean	Median	Mean	Median	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
QinetiQ Ltd	3704	1170	4874	10.2	13.4	34.4	0.0	87.3	87.3	67.5	32.5	73.8	26.2	79.6	20.4	83.1	16.9	76.0	24.0
Inzpire Ltd	256	57	313	27.4	34.5	13.4	0.0	74.4	65.0	57.0	43.0	88.5	11.5	88.5	11.5	93.6	6.4	81.8	18.2
All UK employees	4272	1300	5572	11.8	14.4	31.1	0.0	84.9	84.7	67.6	32.4	74.0	26.0	80.8	19.2	84.3	15.7	76.7	23.3

2022 results

	Gender Composition			Gender Pay Gap		Bonus Pay Gap		% of proportion receiving bonus		Lower Quartile		Lower Middle Quartile		Upper Middle Quartile		Upper Quartile		Overall	
	Male	Female	Total	Mean	Median	Mean	Median	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
QinetiQ Ltd	3628	1105	4733	11.3	14.3	38.1	-2.0	87.0	89.7	67.2	32.8	75.7	24.3	80.6	19.4	83.2	16.8	76.7	23.3
Inzpire Ltd	209	48	257	28.6	37.8	28.3	38.6	78.0	76.0	59.1	40.9	81.0	19.0	92.5	7.5	93.4	6.6	81.3	18.7
All UK employees	4089	1205	5294	12.9	16.1	36.7	-2.0	85.7	88.3	67.4	32.6	75.1	24.9	81.9	18.1	84.6	15.4	77.2	22.8

Gender Pay Gap 2023

Mean (average)

11.8%

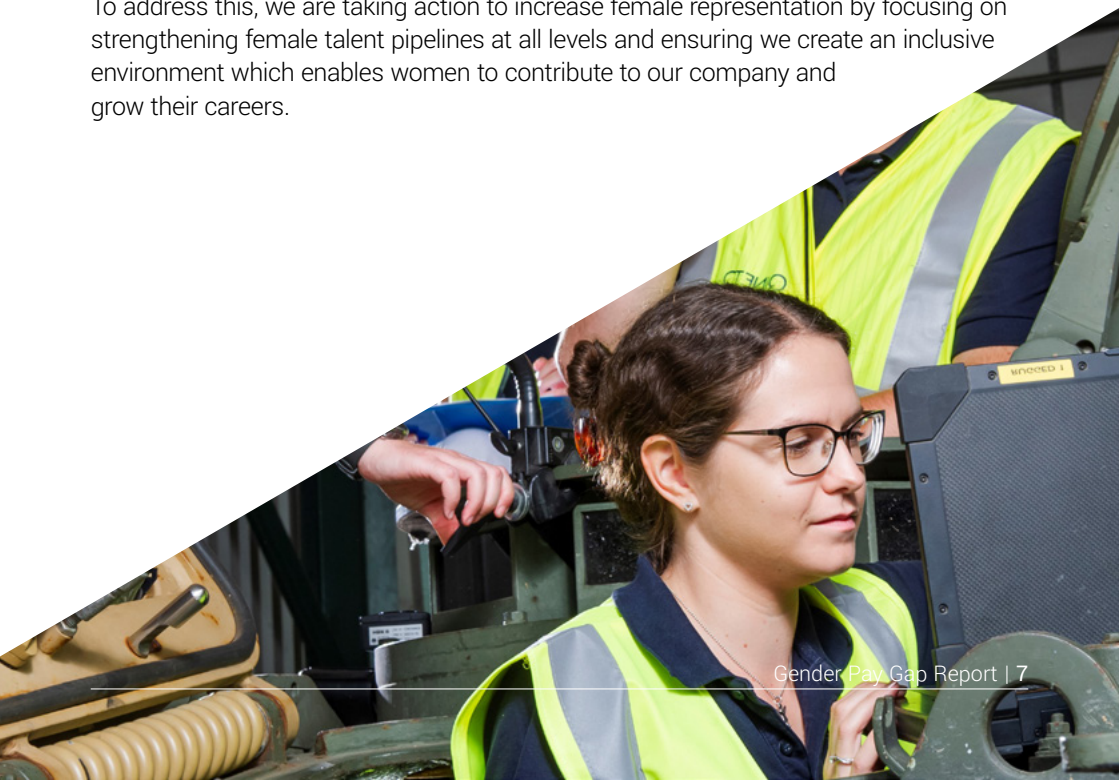
Median (middle)

14.4%

Whilst we have seen a reduction in the gap for UK employees to 11.8% (from 12.9%), we recognise there is more work to do.

We are a leading science and engineering company operating in the defence and security markets and employ highly skilled people with science, engineering, technology and maths (STEM) qualifications. Historically, men have had greater representation in studying STEM subjects, resulting in a disproportionately larger percentage of them applying for roles within our industry. While research from Engineering UK shows that in 2023 only 16.5% of those working in engineering are female, it is encouraging to see an increase compared to that reported in 2010 of just 10.5%. Additionally, due to the nature of our work in some parts of our company, we typically recruit a significant number of highly experienced ex-armed forces personnel, which traditionally has led to a higher proportion of men being employed.

To address this, we are taking action to increase female representation by focusing on strengthening female talent pipelines at all levels and ensuring we create an inclusive environment which enables women to contribute to our company and grow their careers.



Gender bonus gap

Incentive schemes

Our incentive schemes are an important part of our employee offering and we offer the following:

- All Employee Incentive Scheme (AEIS) bonus, available to all employees
- Annual bonuses for employees in Business Development roles, senior professionals, management and executive grades
- Long Term Incentive Plan, for management and executive grades

All schemes are linked to both company and individual performance.

Gender Bonus Gap 2023

Mean (average)

31.1%

Median (middle)

0.0%

Proportion of UK employees in receipt of a bonus payment:

Men

84.9%

Women

84.7%

Gender bonus gap

As has been reported previously, the deferral and cycling of the executive Bonus Banking Plan (BBP) has the greatest impact on the UK Bonus Pay Gap and will continue to do so until it is phased out which will be evident in our 2026 report.

The AEIS continues to have a positive impact, allowing our employees to share in the success of our company. The scheme comprises of two elements based on company and personal performance.

This year our AEIS Company Performance element made a discretionary payment of £1,250 per employee, compared to £500 in the previous year. The Personal Performance element of the award applies an additional fixed percentage bonus to any employee who receives a High (5%) or Very Good (2%) Overall Performance Rating and follows the trend of previous years with proportionally more female employees receiving the bonus.

The median bonus gap reflects the AEIS and also our peer-to-peer recognition scheme with the median male and female employee both receiving a similar level of award.

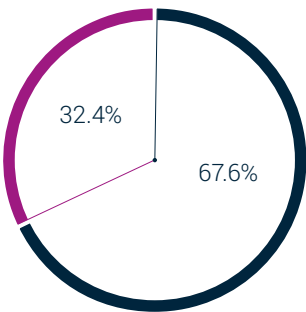


Our pay distribution

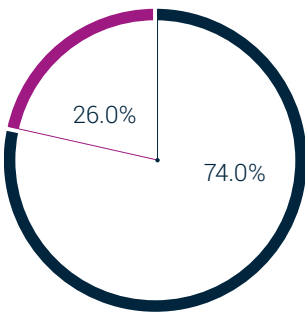
Quartile pay distribution is the proportion of men and women in each 25.0% (quartile) of our pay structure.

The overall gender split has increased, which is shown in an increase in the percentages of female employees in the lower middle, upper middle and upper quartiles. There has also been a reduction in the percentage of female employees in the lower quartile. The decrease in our overall gender pay gap is primarily as a result of the greater proportion of female employees in both the lower and lower middle quartiles receiving salary increases through our cost of living interventions.

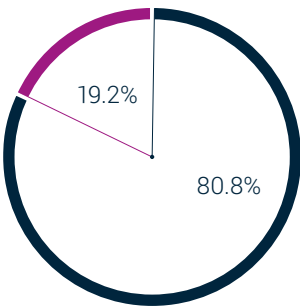
Lower quartile



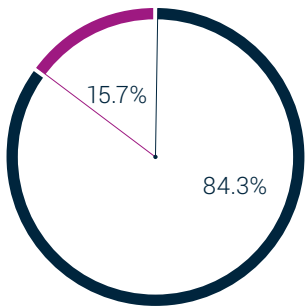
Lower middle quartile



Upper middle quartile



Upper quartile



- Men
- Women

A global focus on gender

Appointing women into senior roles is part of our commitment to increasing diversity. In 2023 we were delighted to have four female leaders as part of our Executive Leadership Team, bringing a wealth of knowledge and experience and providing role models for women working at QinetiQ. These appointments made a positive impact on our gender pay gap and highlight the sensitivity of the calculation to senior hires. Whilst this is one way the gap can be closed, our focus is on making positive interventions at all levels; recognising that some may take longer to impact than others but that all promote fairness and equality.

Our global make up

We continue to increase the proportion of women in our company each year. At the time of reporting, 24.60% of our global workforce were women, up from 22.35% in the previous year. Since publishing our first Gender Pay Report, we have made year-on-year increases.

While we have made progress, our focus and efforts continue to work towards our global ambition of 30% female workforce by 2030.

The actions we are taking to reduce our gender pay gap

Enabling gender balance remains our long-term plan as we continue to address the drivers of our gender pay gap, using an evidence-based approach and monitoring progress to drive greater inclusivity.

Some of the actions we are taking to reduce our gender pay gap form part of our global Diversity, Equity & Inclusion strategy and we have a number of initiatives and interventions in place.

Encouraging more women into technical and engineering roles

Employing highly skilled people with a STEM education is critical as these skills help us deliver expertise to our defence and security customers and keep countries safe and secure.

Some of the activities we have undertaken include:

- Actively supporting campaigns such as International Women in Engineering Day
- Targeting activities for girls in STEM throughout the year; approximately 30% of our STEM ambassadors are female and are key role models
- Sponsoring the UK Women in Defence Innovation & Creativity Award
- Being a founding member of The 5% Club, which has specific campaigns and initiatives focused on diverse talent within early careers
- Actively participating in expert networks to share best practice within our industry and other sectors, such as the Defence & Aerospace Equality, Diversity & Inclusion committee
- Showcasing and recognising the achievements of our women internally and externally on our careers website and social media channels

Senior management diversity

To increase gender and ethnic diversity within senior management and leadership roles, we are supporting:

- Action plans on gender diversity within the senior management team, aiming for at least 30% female representation by 2030
- Initiatives to enhance ethnic diversity within the senior management team and early careers

Attraction, recruitment and engagement

To address the gender imbalance in our organisation, we need to attract, recruit and retain more female candidates.

We have engaged in several activities including:

- Providing unconscious bias and inclusive recruitment training for our hiring managers
- Gathering data to better understand diversity in the market and potential pipeline
- Ensuring diverse candidate shortlist, diversity in hiring panels, and candidate evaluation decision-making, compensation packages and the hiring process and implement policy to support
- Reviewing, updating and implementing robust anti-racist, sexist, ageist, ablelist, semitic, harassment and bullying policies
- Review our employee value proposition
- Partnering with diverse job boards and search firms
- Considering job design for new roles
- Strengthening our global recruitment processes to attract female applicants
- Building and strengthening our internal and external partnerships on gender
- Using our Adaptive Working approach to support a variety of working patterns and hybrid working to provide flexibility and life balance
- Improving reward and recognition by:
 - > 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
 - > Celebrating the contribution of all our employees through our Thank Q recognition scheme and annual Global Recognition Gala
- Only engaging with Executive Search firms who:
 - > Have signed up to the voluntary Code of Conduct on gender and ethnicity
 - > Present qualified candidates from gender and minority ethnic groups for Board appointment consideration

Investing in training and awareness

We are investing in the design and delivery of awareness training, education and support for new and existing managers and employees.

Our approach includes:

- Providing training and coaching workshops on imposter syndrome, emotional and cultural intelligence, diversity, equity and inclusion, reasonable adjustments and menopause
- Strengthening and expanding our Diversity, Equity & Inclusion resource hub on our intranet
- Developing toolkits that managers can use to encourage understanding and commitment in their teams
- Growing our seven UK employee networks including Gender Balance and Hormonal Imbalance
- Delivering our mentoring and coaching strategies including our reverse mentoring, one-to-one mentoring, group mentoring and gender equity coaching
- Encouraging female colleagues to participate as mentors and mentees in a Cross Company Allyship Mentoring programme led by KPMG to support the development of individuals from black heritage and ethnic minority backgrounds
- Providing gender equity and unconscious bias training, fostering a equitable workplace culture
- Promoting listening sessions on lived experiences of female leaders and navigating male dominated industries, facilitated by our gender balance employee network group
- Conducting gender equity workshops and speaking events
- Encouraging leadership to advocate on the importance of gender equity

Growing our talent pipeline for the long-term

We aim to make meaningful and sustainable progress toward gender equality, focusing on female representation in our talent pipeline for the long-term.

We believe fostering inclusive work cultures where women's careers thrive and their achievements are celebrated is critical to progression.

Actions include:

- Widening our programme around talent and succession for senior leaders
- Focusing on creating diverse candidate shortlists
- Ensuring attraction and recruitment of women in our UK Early Careers Programme
- Promoting STEM careers for females through our outreach programmes



Diversity, Equity & Inclusion strategy

Our commitment to creating a workplace where talent is cultivated and diversity is celebrated is underscored by our Diversity, Equity & Inclusion strategy.

We acknowledge the current limitations of gender pay gap legislation that requires employers to report on binary sexes. This does not reflect the full diversity of our workforce. We are committed to accurately recording and analysing all pay data, no matter the gender identity of our employees, and we will work proactively to address any pay concerns.

It's important to acknowledge that while some initiatives may initially present challenges, they are integral to our long-term success. For instance, our commitment to developing our own talent through our Early Careers Programme may temporarily impact our gender pay gap by increasing the proportion of women on lower salaries at the beginning of their careers. However, it's essential to view these short-term challenges as investments in our future both in the UK and globally. By attracting more women into our Early Careers Programme, we are not only addressing immediate talent needs but also creating a talent pipeline for a more diverse and inclusive workforce in the years to come.

We've already seen positive strides over the past three years and we're eager to build upon this momentum. Enabling increased gender representation remains our long-term plan as we continue to tackle the drivers of our gender pay gap using an evidenced-based approach and monitoring progress to drive greater inclusivity.

We embrace these challenges as opportunities for growth and continue working together to create a stronger and more inclusive QinetiQ.

Our future focus

We are making progress and are eager to build upon this momentum. Enabling increased gender representation remains our long-term plan as we continue to tackle the drivers of our gender pay gap using an evidenced based approach and monitoring progress to drive greater inclusivity.

Our areas of focus include:

- Creating a workplace that is attractive to women joining and staying with QinetiQ to further their career
- Supporting career progression of women and in particular women in leadership roles
- Listening to what our people have to say about working here and taking action to make improvements
- Developing the next generation of women in STEM
- Fostering inclusive behaviours, with particular focus on inclusive leadership practices
- Improving and increasing diversity data collection and tracking to highlight any bias that may exist
- Sharing experiences and learning across our company
- Participating in external best practice networks

To solve our customers' complex problems we need diverse talent and, to attract, develop and engage that talent, we must support every one of our people in building a rewarding career and achieving their full potential.



QinetiQ

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