

QINETIQ

# Gender Pay Gap Report 2020

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 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) 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 fourth Gender Pay Gap report. It shows that we are making year-on-year improvements and have narrowed our gender pay gap in 2020 to 13.9% compared to 14.8% last year.

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. 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

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Our gender pay gap<sup>1</sup> is as follows:



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

Mean

13.9%

Median

17.9%



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

Mean

26.4%

Median

-2.4%



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

Men

90.0%

Women

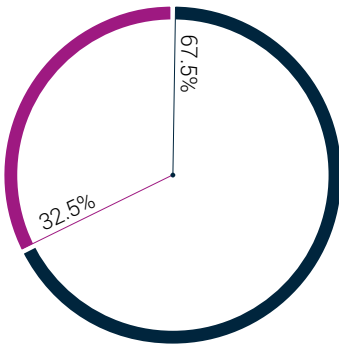
87.4%

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

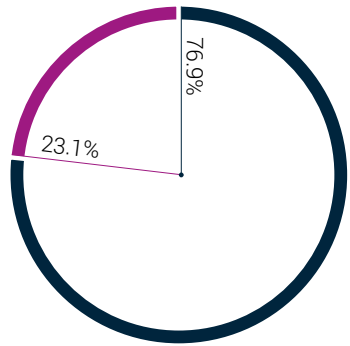
## The quartile pay distribution in QinetiQ is:

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

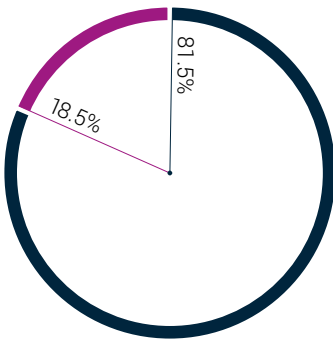
Lower quartile



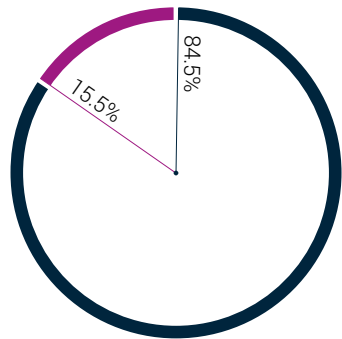
Lower middle quartile



Upper middle quartile



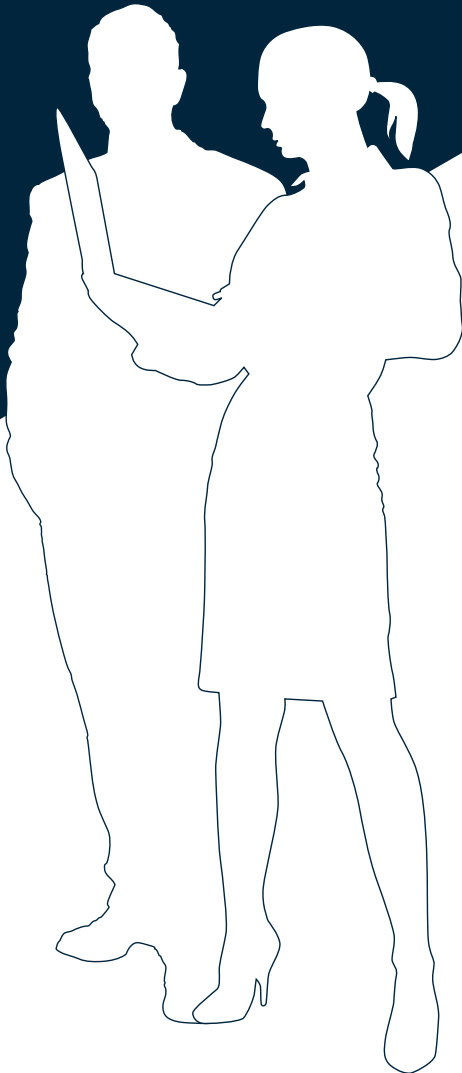
Upper quartile



- 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 2020, women accounted for**

**22.4%**

of our QinetiQ Ltd workforce

**1013**

out of a total of 4528; and

**18.2%**

of senior management roles

**42**

women out of 231 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 Statistics<sup>2</sup> indicates that the gap in mean pay between men and women is 15.5% in April 2020; our mean for 2020 has decreased from 14.8% to 13.9%, which is lower than the national average.

Towards the end of 2019, we introduced a new Pay & Progression process providing a method of promoting and progressing employees' base salaries 'in-role'. Proportionally, female employees received a higher increase through this which has contributed to reducing the pay gap and has moved more female employees into higher quartiles.

Additionally, in order to reduce the impact of the COVID-19 pandemic on the business, the leadership took the decision to reduce the base salaries of senior leaders. On the snapshot date, only the CEO and his direct reports had reduced their salary, with others to follow in May, but this has had a small temporary reduction on closing the gap.

The mean bonus gender pay gap (from 38.8% to 26.4%) has reduced following last year's cycling of our executive incentive scheme whilst the median bonus gap has been closed (from 20.1% to -2.4%) as a result of the introduction of our All Employee Incentive Scheme (AEIS) which awarded all employees with a fixed bonus based on company performance.

The AEIS has also seen the proportion of UK employees in receipt of a bonus increase significantly (from 40.3% to 90.0% for male employees and 39.7% to 87.4% for female employees). Fewer female employees received the bonus, as very new starters are ineligible for the award and there was a greater proportion of female starters towards the end of the performance year.

<sup>2</sup> <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2020>, cited July 2021. 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
- Targeting activities through our 'girls in STEM' working group throughout the year; approximately 30% 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 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 women in leadership target



### **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
- Introduction of 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**

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

### **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. 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

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## Methodology

The methodology used is from ACAS; Managing Gender Pay Reporting February 2020.

## Scope

The snapshot date for the pay data is 5 April 2019 and relevant bonus period is 6 April 2019 to 5 April 2020. 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.

# QINETIQ

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